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ESTABLISHED 1887

Europe Acts to Join Era of Innovation

Ties Its Hopes for Economic Revival To a Rush to Experiment, Take Risks

By Joseph Fichter

International Herald Tribune

LILLE, France — Cheerful and purposeful compared with its decaying and listless industrial surroundings, Lille's Pasteur Elementary Public School resounds this morning with a classroom chorus of "Frère Jacques."

But the words and music are coming from computer consoles programmed by Pasteur's 10- and 11-year-old pupils. Paired off at keyboards and brightly colored screens, the children work out the logic, then follow the English instructions: "1. Print Frb-2. Play Do. 3. Print -e. 4. Play M."

Next door, in Pasteur's kindergarten, children program a robot resembling a clear plastic tortoise. Using instruction cards, they teach it a pattern of moves from a drawing the pupils have made, then watch in entranced silence as the robot trundles over a sheet of paper taped to the floor, reproducing the shape.

"Computers not only familiarize the children with information technology, they also are proving powerful teaching tools," explains Lucien Marle, a computer-learning consultant here in northern France. "Kids have no inhibitions about learning from machines."

At a computer console, Yasmin, 10, and Arnaldo, 11, work as a team on an educational video game, using an electronic video mouse, to compose sentences from words displayed on the screen. They are clear about why they must master computer technology.

"In the year 2000, there won't be people in factories, only robots," Yasmin says. Arnaldo chimed in:

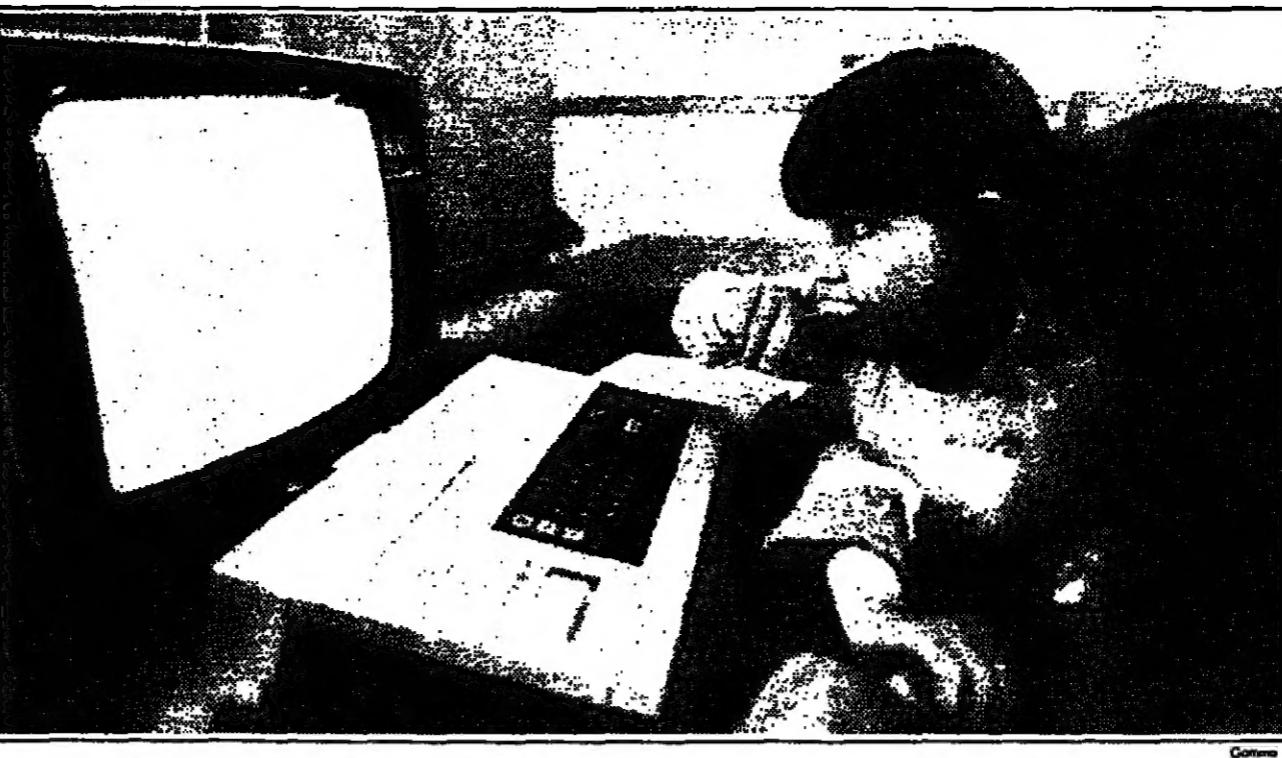
"And only people with computers can have jobs." Wherever they learned it, the two children are echoing the revolutionary views of their elders.

In what amounts to the most fundamental change in West European economic thinking since World War II, governments and industries, academics and many trade unions are experimenting with new approaches to allow careers to be more flexible, encourage more commercial risk-taking and make their businesses more competitive...

The changes are an attempt to reverse a decline in Europe's economic strength that is apparent in high, stubborn unemployment, lagging technological development, lagging and the United States and Japan, and a growing mood that European political leadership has lost any vision of a better future.

A few hundred yards away from the Pasteur Elementary School, 11 unemployed men and women are earnestly discussing how to start their own businesses in a seminar sponsored by Lille's Boutique de Gestion, or Business Shop. This is one of 26 centers set up since 1982 throughout France; owned and operated by management specialists, they teach the basics of entrepreneurship, the golden dream.

Entrepreneurship generally means starting an innovative business and it implies a readiness to take risks and an eye for creative products or services. Today's folk heroes are such successful entrepreneurs as Serge Crasznianski of France, whose Kis shops for rapid film development and shoe repairs have spread around the world, or Sir Clive Sinclair of England, who



Schoolchildren in Rennes, France, studying with the help of a computer under an Education Ministry project.

Getting Down to Business

Europe's New Approaches to Competition

In the face of American and Japanese competition, is Western Europe irreversibly declining economically? Can it catch up technologically? Are European economies too rigid to change? Can Europe move from a managerial to an entrepreneurial society?

This is the first of a series of articles, appearing from time to time, that will focus on these questions and some answers.

invented and sold internationally the first personal computer with a price under \$100.

In this Lille workshop session, the entrepreneurs come on a small scale.

A maintenance engineer, for example, seeks advice on faster service in home-heating. A driving instructor of North African origin plans a bilingual school for immigrants handicapped by poor

French. A cook dismissed by Renault, the state-owned automaker, wonders if northern France, which has long favored beer and Bordeaux wines, might be a market for Burgundy. An engineer who worked for a carpet manufacturer that went bankrupt bought his old laboratory and plans to run an automated two-man operation that will sell high-quality carpeting to a U.S. company.

Of about 150,000 new businesses in France in 1985, government surveys indicate that nearly half of them will be started by unemployed men and women. More than 700 of them — and nearly 2,000 jobs — involved help from Business Shops.

This trend is not confined to France. In West Germany the number of new businesses, which declined during the 1970s, jumped

(Continued on Page 5, Col. 1)

Cairo Wants To Judge Jet Hijacker

The Associated Press

CAIRO — Egypt has asked Malta to extradite the surviving hijacker of an EgyptAir airliner for trial in Egypt, the official Middle East News Agency reported Wednesday.

The agency said that Egypt had formally requested the extradition of the surviving hijacker so he can be tried under Egyptian law since this is Egypt's right under international law.

Maltese officials said Omar Mazzuki, 20, who had a Tunisian passport, was the only survivor of the gunmen who commandedeer an EgyptAir Boeing 737 on Saturday on a flight from Athens to Cairo.

The others were among 58 people who died when Egyptian commandos stormed the plane late Sunday. A woman was killed by the hijackers before the assault.

President Hosni Mubarak has claimed that the hijackers were members of an undisclosed Palestinian group opposed to the Palestinian Liberation Organization and acted with Libyan backing.

■ **Maltas Investigation**

Malta's investigation into the hijacking will include an attempt to establish whether Libya was involved, United Press International reported from Valletta.

"If you were the investigating magistrate and you heard these sort of rumors going around, don't you think you would want to look into them?" the deputy government spokesman, Arthur Pace, said Wednesday.

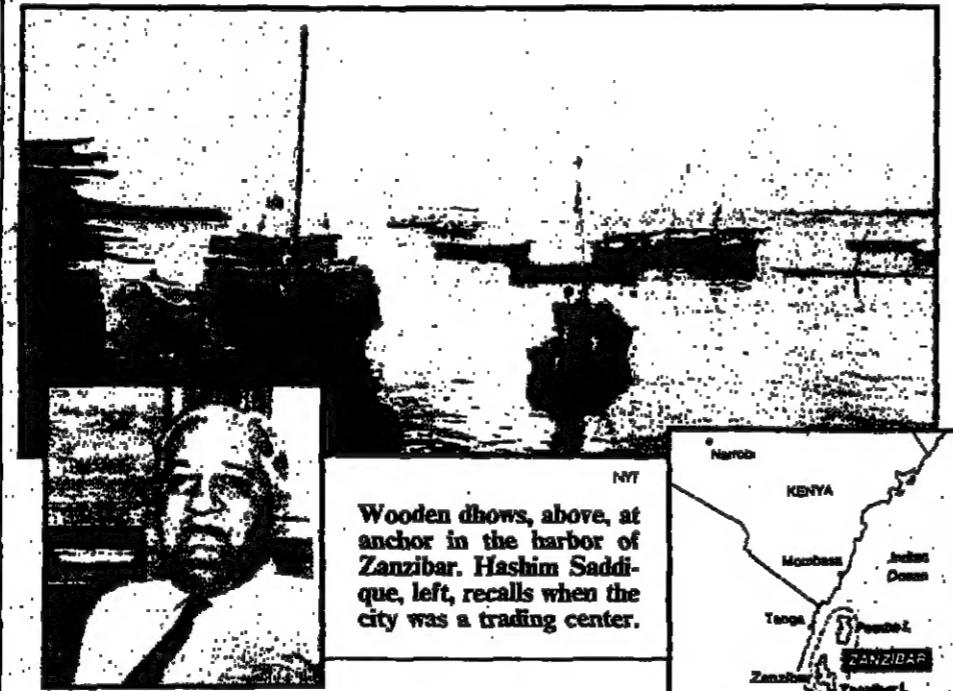
Mr. Pace said he ruled out suggestions that any of hijackers escaped in the confusion that followed the storming of the aircraft.

"I think we have accounted for all the passengers now," he said. "Nobody is missing from the list."

■ **Air Piracy Conference**

International airline and airport representatives opened a two-day

(Continued on Page 2, Col. 4)



Wooden dhows, above, at anchor in the harbor of Zanzibar. Hashim Sadique, left, recalls when the city was a trading center.



Zanzibar Then, Now

Tanzanian President Rekindles an Island's Optimism

By Edward A. Gargan

New York Times Service

ZANZIBAR, Tanzania — There was a time, Hashim Sadique remembers, when everything seemed possible on this island. Fortune-seekers and Arab traders, fresh from white-hulled steamers and peeling wooden dhows, hurried down deeply shadowed streets to trade in gold and ivory, cloves and cinnamon and nutmeg.

"I had a ship hawker's license," recalled Mr. Sadique, his chair creaking as he bent forward. "I was allowed to go on board ships and sell my items — antique silver and carvings. I was dealing in coins also. With these antique things, you could go anywhere, to any country in the world and carry your goods."

The old days are tangible mostly in the odd silver candleabra or wooden bust under the dust of Mr. Sadique's antique shop. Now, the 76-year-old dealer concedes, there is little to do, little to trade. He asks if a visitor requires the services of his son, Rashid, to exchange a little money.

Along the warren of narrow streets, where elaborately carved wooden balconies sag from 19th-century buildings, the past lingers the way a cigar's aroma clings to the edges of a room.

But today, there is more optimism on this island, which merged with Tanganyika in April 1964, largely because of the rise to national power of a man who began his career here as a schoolteacher.

Ali Hassan Mwinyi, 60, Tanzania's newly elected president, held a series of government posts before becoming vice president of Tanzania and president of Zanzibar and Pemba, its sister island to the north, in April 1984.

The islands had been crippled economically and politically by the harsh authoritarianism of his predecessors. Swiftly, however, he reshaped their constitution, liberalized economic policies to permit foreign investment and greater trade, and encouraged freedom of speech. Zanzibar has gained some autonomy from the mainland through a separate constitution.

"Under Jumbe, the people could not get enough to eat," said Juma, a former government functionary and now an occasional dealer in used bicycles, referring to Sheikh Aboud Mwinyi Jumbe, Mr. Mwinyi's predecessor. "Businesses were not allowed to import anything from abroad."

"Everything is O.K. now," he said. "People are

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U.S. Aides Say Damage From Spying Is Immense

By Joel Brinkley

New York Times Service

WASHINGTON — Senior U.S. intelligence officials say the United States has been immensely damaged by the series of espionage cases disclosed in the past week.

One senior Reagan administration official said the new disclosures, along with other major spy cases in the last six months, add up to "an extraordinarily bad year for us — it's going to cost us millions to recoup, if we can."

Another administration official said: "There are more of these cases coming. Don't think it's over yet."

He said Vitaly S. Yurchenko, the Soviet defector who returned to Moscow on Nov. 6, provided information that probably will lead to several more arrests.

A former analyst with the Central Intelligence Agency, Larry Wu-Tai Chin, who was arrested Saturday and accused of spying for China for more than three decades, was indicted Tuesday on espionage charges.

In addition, associates interviewed Tuesday said that Jonathan Jay Pollard, a navy counterintelligence analyst who was accused last week of spying for Israel, had boasted for 10 years about working for the Israelis. Two Israeli newspapers, in reports Tuesday, identified Rafi Eitan, who was an intelligence adviser to Prime Minister Menachem Begin, as Mr. Pollard's recruiter.

U.S. intelligence officials said that of the four persons arrested since Thursday on spy charges, Ronald W. Pelton, a former employee of the National Security Agency, appeared at initial assessment to have caused the most harm. He was caught as a result of information provided by Mr. Yurchenko, according to the Federal Bureau of Investigation.

While employed as a communications specialist from 1965 to 1979, Mr. Pelton had clearance to use the most heavily classified in-

telligence, designated sensitive compartmentalized information. Although officials would not describe his job precisely, they said he was in a position to know the capacity of many of the security agency's highly sensitive satellites and other intelligence-gathering tools.

The agency uses photo-reconnaissance satellites, listening stations on the ground and in the air, and other devices to photograph and intercept information. The agency, the nation's most secret intelligence organization, is most effective when it uses advanced capabilities that the Soviet Union does not know the United States has.

Mr. Pelton apparently told Moscow how some of the agency's intelligence-gathering devices work, a senior intelligence source said Tuesday. Another intelligence official said, "He could have caused us to lose our space shield."

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INSIDE



André Bergeron, leader of the French union Force Ouvrière, revealed the union had accepted U.S. funds. Page 3.

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■ China revealed an effort to quell student protests over "open door" policies. Page 2.

■ U.S. and Angolan officials began meetings on UNITA and the future of Namibia. Page 3.

■ Budget cuts have lowered the horizons for the Strategic Defense Initiative. Page 3.

BUSINESS/FINANCE

■ Hiram Maxim's "killing machine" is 100 years old and still going strong. Page 6.

■ Islands' law conflicts with building a Western-style economy in Saudi Arabia. Page 3.

■ Veba AG, the West German energy and trading concern, said that nine-month profit is up 19 percent. Page 13.

175 P. Luxembourg — 45 L.P. Switzerland — 125 S.F. Portugal — 600 L.P. Sweden — 105 Esc. Turkey — 150 Lira. Austria — 350 Drs. Germany — 250 D.M. Great Britain — 650 P. Monaco — 650 Drs. France — 100 Dr. Netherlands — 275 P. U.S. M. (E.U.) — 525 Drs. Greece — 100 Dr. Norway — 170 N. Yugoslavia — 240 D.

ESTABLISHED 1887

Gorbachev Asks Mutual Test Ban To Build Trust

By William J. Eaton

Los Angeles Times Service

MOSCOW — Mikhail S. Gorbachev appealed to President Ronald Reagan on Wednesday to join Moscow in a moratorium on nuclear tests as a way to build trust following the Geneva summit conference.

While declaring that the meeting had produced a positive, stabilizing effect, the Soviet leader also renewed his warning that arms reduction would be "impossible" if Mr. Reagan proceeded with his Strategic Defense Initiative.

"We hope what was said in Geneva on SDI is not the last word," Mr. Gorbachev said, referring to Mr. Reagan's refusal to give up plans for a space-based missile defense system.

Mr. Gorbachev delivered a wide-ranging report to the Supreme Soviet, the nominal parliament, on his meeting with Mr. Reagan last week.

He departed from his prepared text to urge the United States, along with other nuclear powers, to agree to a test ban that might allow some form of international verification.

The Soviet Union announced last August that it had suspended nuclear tests until Jan. 1, and Mr. Gorbachev said that the moratorium would be extended if the United States would refrain from testing.

The Reagan administration has said that it must detonate nuclear explosions to catch up with Soviet advances in weaponry.

"We placed this proposal before the president in Geneva," Mr. Gorbachev said of the test ban. "The answer was silence."

"There is still time and I think the leaders of the United States and other nuclear powers would agree to it if they understood their responsibility before the world," he added.

"This is an appeal from the Supreme Soviet to come to agreement on this major issue of modern times," he concluded.

Although his power comes from his position as general secretary of the Communist Party, Mr. Gorbachev is also a deputy of the Supreme Soviet and a member of its Presidium.

"We value the personal contact established with the U.S. president," he said of his meetings with Mr. Reagan, the first encounter between Soviet and U.S. leaders since 1979.

"It is important that the dialogue did take place — it is in itself a stabilizing factor in our difficult times," he said. "But we are realistic and must say directly that solutions to major problems related to ending the arms race were not found at the meeting."

Mr. Gorbachev said that the real

(Continued on Page 3, Col. 2)



Mikhail S. Gorbachev

The Associated Press

LONDON, Bonn Likely to Join SDI Research

The Associated Press

LONDON — Prime Minister Margaret Thatcher said Wednesday that both Britain and West Germany are likely to sign agreements before Christmas to participate in the U.S. Strategic Defense Initiative.

If Britain and West Germany join in research on the program of space-based weapons, they would be the first American allies to do so, following an invitation to participate made last March by Caspar W. Weinberger, the U.S. defense secretary.

Mrs. Thatcher appeared with Chancellor Helmut Kohl of West Germany at a joint news conference following a first round of talks Wednesday morning.

The prime minister was asked

Budget cuts have lowered the goals of the Strategic Defense Initiative. Page 3.

whether she and Mr. Kohl had discussed participating in the U.S. program to explore the possibilities of a space shield against nuclear missiles.

She said that she and the West German chancellor discussed the space initiative and added: "It is my belief we are likely to sign an agreement, both of us, before Christmas."

U.S., Egypt Believe Libya Masterminded EgyptAir Hijacking

By David B. Ottaway
Washington Post Service

WASHINGTON — Three days before the hijacking of the EgyptAir jet on Saturday, a meeting of Libyan officers ended with a communiqué pledging to strike at U.S. interests in the Arab world and to support "materially and morally" those fighting the "troublesome regime" in Egypt.

While there is no proof of Libyan involvement in the latest bloody hijacking, Egyptian and U.S. officials have indicated strong suspicion that the Libyan leader, Moamer Qadhafi, was the mastermind. Fifty-nine persons died during the hijacking, 58 of them Egyptian troops stormed the plane.

For more than a year, Colonel Qadhafi has stepped up efforts to undermine the government of President Hosni Mubarak and liquidate members of the Libyan opposition in Egypt.

Earlier this month, The Washington Post reported that the Central Intelligence Agency planned to back efforts by neighboring countries to undermine Colonel Qadhafi's government.

Since then, the Libyan leader has increased his verbal attacks on the United States and tried to use the disclosure to rally support at home and in the Arab world for his troubled regime.

A statement issued last Thursday by Colonel Qa-

dhafi's "revolutionary officers" after a two-day session said they had discussed "overt and covert missions" and ordered "any counterrevolutionary attempt" crushed "without having to refer to any quarter."

In addition to committing themselves to waging "the battles of Arab unity by force," the officers pledged support for "the popular revolution" in Sudan as well as the "popular masses" in Tunisia.

They also pledged to track down "the dogs of the CIA" and assure "their physical liquidation."

Libya's state radio charged Tuesday that there had been "chumsy and reckless behavior" by the Egyptian commandos who stormed the hijacked plane in Malta on Sunday night and that "responsibility for any massacre lies on the shoulders of the Egyptian regime."

Referring to The Washington Post report, the Libyan news agency, JANA, asserted that the United States "has given the green light to its agent, the Egyptian regime, to carry out aggression" against Libya.

In recent months, some U.S. analysts have noted several developments suggesting an increase in Colonel Qadhafi's commitment to revolution and terrorism against U.S. interests and those of its moderate Arab allies. These include:

• Immediately following the overthrow of President

Gaafar Numeiri of Sudan on April 6, Colonel Qadhafi sent scores of Libyan agents and pro-Libyan Sudanese to set up "revolutionary committees" there.

They have taken advantage of the new government's plan to hold free elections for a civilian government by next April 6 and have established themselves in Sudan's fragmented political life, U.S. analysts say.

The situation in Khartoum has become so unsettled that the State Department issued a travel advisory last week warning Americans to avoid the Sudanese capital because "known Libyan terrorists" freely roam the streets.

• On March 31, after a meeting of Arab "revolutionaries" in Tripoli, Colonel Qadhafi established a "National Command of Revolutionary Forces in the Arab World." Its stated goal is "to liberate and unite the Arab world."

News reports said the meeting was attended by representatives of ruling parties in Syria and South Yemen; leftist parties from Lebanon; opposition groups from Iraq, Somalia, Jordan, Sudan, Oman and North Yemen; and Palestinian factions opposed to Yasser Arafat's leadership of the Palestine Liberation Organization.

■ U.S. Increases Surveillance

Bernard Gwertzman of The New York Times reported from Washington:

The United States has increased its aerial and electronic surveillance of Libya to monitor any military moves in the aftermath of the EgyptAir hijacking, according to administration officials.

The officials said Tuesday that U.S. forces in the area had been put on alert in case Libya and Egypt became involved in fighting as the result of the hijacking and the subsequent Egyptian storming of the plane.

There was no direct U.S. involvement in the rescue operation, the officials said. But one high official said, "We are ready with our forces in the event something nasty occurs."

After the attack, and the resultant large loss of life, President Ronald Reagan sent a message to President Mubarak praising him for the action, and expressing strong U.S. support for action against terrorists.

Several officials said that the quick U.S. moves to back the Egyptians and the cordial exchange of messages between Cairo and Washington had indicated that the tension that existed at the time of the Achille Lauro affair last month had passed.

The United States, which had been critical of Egypt's decision to turn over the four hijackers of the Italian cruise ship to PLO officials, intercepted the Egyptian airline carrying them to Tunisia and forced it to Italy, where they were apprehended.

WORLD BRIEFS

Sikhs' Highest Priest Is Wounded During Service at Golden Temple

AMRITSAR, India (AP) — Three gunmen shot and wounded Sabir Singh, the highest priest of the Sikh religion, on Wednesday, killing his bodyguard, the police said. The attack occurred before dawn inside the Golden Temple, the holiest Sikh shrine, while 15,000 people were attending the shrine for a festival. Sabir Singh, 45, and a fellow priest, Kartar Singh, were criticized for appearing on government-run television in June 1984 to play down the devastation and casualties when the Indian Army stormed the temple to drive out Sikh extremists.

The Amritsar police said that Sabir Singh received a death threat from Sikh extremists in September before the Punjab state elections, which were won by moderate Sikhs to whom he is close.

The assailants shot the bodyguard while the priest was kneeling before conducting prayers, then opened fire at Sabir Singh as he fled, a Golden Temple spokesman said. The three suspects escaped and the police launched a manhunt, cordoning off the entire Golden Temple complex and surrounding shops. Security was tightened throughout the state.



Sabir Singh

Greek Air Controllers on Hunger Strike

ATHENS (Reuters) — About 90 Greek airport workers on a hunger strike have collapsed on duty and three have suffered heart attacks, Athens airport sources said Wednesday.

The protest action strike was begun in support of demands for more pay and improved benefits. Under Greek law, air traffic controllers, electronics workers and administrative staff members are forbidden to stop work, but they have been refusing food and going without sleep since Monday. As a result, many have fainted from exhaustion.

Greece's national airline, Olympic Airways, canceled all but three flights Wednesday because of the danger to passengers safety. Meanwhile, the protest broadened with a call for all civil aviation personnel, totaling about 2,000, to join.

32 Nicaragua Children Reported Slain

CANBERRA, Australia (Reuters) — Foreign Minister Miguel d'Escoto Brockmann of Nicaragua said Wednesday that anti-government guerrillas killed 32 children Tuesday in a raid on a Nicaraguan school.

Father D'Escoto, who arrived Tuesday on a six-day visit to Australia, said that the 15-year-old son of his driver was one of those killed in the attack carried out by guerrillas, who he said fired machine guns at the children.

The foreign minister said he was told of the incident by telephone earlier in the day, but gave no other details. He made the assertion in an address at the National Press Club in Canberra, during which he called for an end to U.S. support for the guerrillas opposing Nicaragua's Sandinist government.

Boeing Orders Changes in 747s

SEATTLE (RHT) — Boeing Co. has instructed airlines and civil aviation authorities around the world to make structural modifications to their 747 jumbo jets. In a service bulletin, Boeing said that a cover should be attached to seal an inspection hole between the rear part of the 747 fuselage and the vertical stabilizer.

A Boeing official said Wednesday that the directive was not connected with the Japan Air Lines crash on Aug. 12 in which 520 people died. The plane's tail section was believed to have been blown away when pressurized air from the cabin burst through a flawed rear cabin bulkhead. But the causes of the crash have not been officially determined.

Japan Air Lines and the three other 747 operators in Japan already had ordered covers for their 747s. Japanese Transport Ministry officials said in Tokyo.

U.S. Officer Cleared in Iran Arms Case

ORLANDO, Florida (AP) — A federal judge has dismissed charges against a U.S. Army artillery expert accused of participating in a plot to sell 1,140 anti-tank missiles to Iran, but has refused to throw out charges against six other defendants.

Judge G. Kendall Sharp dismissed the charges Tuesday against Lieutenant Colonel Wayne G. Gillespie of Alexandria, Virginia, after the government rested its case. The judge said that although the officer was videotaped inspecting two missiles at an informant's home, there was no evidence he knew that such missiles were supposed to be stolen or shipped to Iran.

The seven were accused July 31 in a conspiracy to pay \$10.12 million for the missiles and five surveillance cameras for use in jets. Iran has been barred from receiving U.S. weapons since 1979.

Pretoria Accepts Commonwealth Visit

JOHANNESBURG (AP) — The South African government agreed Wednesday to receive a delegation of Commonwealth nations officials who have expressed concern over apartheid, but warned against "interference in the country's national affairs."

The Commonwealth, consisting of Britain and its former colonies, voted last month to send a fact-finding delegation to South Africa after Britain rejected demands by the Commonwealth majority to impose joint economic sanctions against South Africa. The delegation plans its visit for sometime next year.

Meanwhile, the police said Wednesday that anti-apartheid violence flared in nine South African communities. No new deaths were reported, but the police said at least three persons were burned in arson attacks.

For the Record

The Chicago City Council split along racial lines, 31 whites to 14 blacks, in a vote Tuesday to condemn Louis Farrakhan, the leader of the Nation of Islam, for anti-Semitic and racist remarks.

The Liberian head of state, Major General Samuel K. Doe, ordered the release Wednesday of five opposition leaders who were arrested following the abortive coup against his government Nov. 12.

Michael Drummmond, who survived nine days on a artificial heart before getting a donor heart from a 19-year-old victim of a motorcycle accident in Texas, was allowed on Tuesday to go home permanently to his family in Phoenix, Arizona.

DOONESBURY



Bush, Anglican Envoy Discuss Beirut Hostages

New York Times Service

WASHINGTON — Terry Waite, the Church of England representative seeking the release of U.S. captives in Lebanon, has conferred with Vice President George Bush and other U.S. officials on ways of winning the hostages' freedom.

"I was able to give him a general briefing on the situation and to indicate some ways in which I felt that this matter could be resolved," Mr. Waite said after talking with Mr. Bush for an hour on Tuesday.

Mr. Waite also met in New York on Tuesday with the United Nations secretary general, Javier Pérez de Cuellar. The church envoy, who said he planned to return to Lebanon shortly, said that Mr. Pérez de Cuellar had been "very supportive" of his mission.

Mr. Waite, who says he has met with the Shiite Moslems who are said to have kidnapped at least four of the six Americans missing in Lebanon, said he had made "no special request" of the United States.

EC Ministers Restore Budget Funds; Not Enough, Delegates Say

Reuters

BRUSSELS — European Community treasury ministers, overriding objections from Britain and Ireland, agreed Wednesday on a higher budget for 1986, going along with the European Parliament's wishes to restore some items that had been cut.

After 19 hours of negotiations, the ministers agreed to an increase of 821 million European currency units (\$698 million). They had hoped to avert a full-scale financial dispute with the Parliament, largely over cash to finance enlargement of the community.

But major political groups in the Parliament said that they could not

London Cabbies Boycott Airport To Protest Levy

Reuters

LONDON — Taxi drivers began a boycott Wednesday of London's Heathrow Airport to protest a levy on fares, leaving travelers to use public transport for the 20-mile (32-kilometer) trip to the capital.

Drivers said they would refuse to pick up passengers at the airport, one of the world's busiest, until the 50-pence (74-cent) levy for the use of taxi ranks was lifted.

The British Airports Authority are holding the passengers to ransom," said a spokesman for the taxi drivers, who voted overwhelmingly in favor of the boycott at a mass meeting Tuesday.

He said the drivers planned to take their grievances to court.



EXECUTION IN LEBANON — Palestinians in Sidon, Lebanon, gathered Wednesday to view the bodies of three women and a man killed by a guerrilla firing squad. The dead persons were accused of collaborating with Israel during the three-year occupation of southern Lebanon.

accept the budget, which restored less than half of the two billion European currency units (\$1.7 billion) cut by the Council of Ministers in September from the original budget proposed by the EC Executive Commission in Brussels.

Spain and Portugal, which join the EC on Jan. 1, will receive about 321 million ECUs of the increase, about half the amount the Parliament had sought to reinstate on their behalf.

Representatives of the Socialist, Christian-Democratic and Liberal groups, which hold two-thirds of

the seats in the Parliament, issued their statements after a meeting of the assembly's budget committee.

The Parliament shares budget power with the Council of Ministers. It is one of the few areas where the assembly, which meets in Strasbourg, has a clearly defined role.

The Parliament will take a final vote on the budget next month and its officials said it was likely to restore the cuts entirely unless a last-minute compromise was reached.

Britain opposed increasing expenditures, while Ireland, one of

the EC's poorest members, argued that even the revised budget was too small.

Italy also opposed the compromise proposed by Luxembourg, which currently holds the presidency, but fell into line with the majority of the 10-member community.

In a separate development Wednesday, Jacques Delors of France, the commission's president, rejected as inadequate proposals for limited reform of the EC's founding Treaty of Rome that are scheduled to be considered at

Monday's summit meeting in Luxembourg.

Mr. Delors said proposals that foreign ministers spent Monday and Tuesday discussing would not produce the degree of economic and political revival envisaged in a June summit meeting in Milan.

Those proposals would maintain the present system under which any state can block legislation by a veto. Mr. Delors favors majority voting.

The ministers are to meet over the weekend for further discussions.

last week, Mr. Gorbachev said: "The general balance sheet in Geneva is positive."

But he said the Soviet and American views of regional conflicts were completely at odds. The U.S. view is colored by its "imperialist" outlook, he said, while the Soviets will not agree to abandon friendly nations fighting to protect their independence.

In a new sidelight to his view that both the Soviet Union and the United States must accept strategic parity rather than seek military superiority, Mr. Gorbachev added:

"We would not like, for instance, a change of the strategic balance in our favor because such a situation will enhance suspicion of the other side, will enhance instability of the overall situation."

As Mr. Gorbachev told it, the United States was forced to the arms negotiations in Geneva last March by the pressure of public opinion. Western diplomats

were trying to stamp out malaria.

By then, fewer than 7 percent of Zanzibar's residents and fewer than 1 percent of Pemba's were infected with the mosquito-borne disease. But within five years, upward of 70 percent of the population had suffered bouts.

New Tanzanian President Revives Hope for Zanzibar's Future

(Continued from Page 1)

yi's government will face is the island's high incidence of malaria.

In 1968, the regime of Sheikh Abeid Karume, revelling in a spirit of radical self-sufficiency, expelled a group of foreign aid workers who were trying to stamp out malaria.

By then, fewer than 7 percent of Zanzibar's residents and fewer than 1 percent of Pemba's were infected with the mosquito-borne disease. But within five years, upward of 70 percent of the population had suffered bouts.

Among those who received favors were those who called early in the day, all were Democrats.

Mr. Thomas, who said he had received few if any exceptions for California, said he was not called until 2 P.M., and Mr. Frenzel said he was never called at all.

"It was like waiting for Prince Charles to call me the week before," Mr. Frenzel said.

He said he was never told what was what.

"We were never told what was what," said Representative William L. Thomas of California, a Republican committee member.

By last Thursday night, the 36 committee members and several lawmakers not on the panel had given Mr. Koskenkowski thumbs up.

He said he was never told what was what.

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"We were never told what was what," said Representative William L. Thomas of California, a Republican committee

Israel: Spying on a Friend

Two worlds intersect in the case of the civilian Navy counterintelligence analyst arrested on espionage charges while bolting into the Israeli Embassy. One is the secret world of espionage. There, it is no surprise to find that some Israelis have been spying on the United States. No doubt people consumed by the sense of living on a narrow security margin find it difficult to forgo an activity that they think might widen that margin.

For the purpose of espionage is not simply to keep an eye on one's enemies. It is to keep from being surprised, and one's friends can cause surprises no less disruptive—sometimes more so—than one's enemies. As generous as the United States is to Israel, there cannot fail to be things the Israelis feel they could learn that would reduce still further the chance of someday being surprised.

It was precisely to reduce the chance of surprise, you will recall, that the United States dispatched the USS Liberty to spy electronically on Israel and the Arab combatants in the 1967 Middle East war. The Israelis shot up the ship in an incident the bad memory of which lingers still. But a prudent person has to hope that Washington did not then decide there was no further reason to keep an eye on Israel.

Meanwhile, however, there is also the open world of politics in which some limitations must be imposed on the ways the two sides seek information about each other. This is the

world evoked by President Reagan's reported question, "Why are they doing it?" Indeed, how could the Israeli spy, in an intrusive risky fashion, on the country that is their leading strategic and financial support and already their partner in extensive intelligence collaboration? The Israelis are holding their own discussions about who is to blame, and it is important to remember that it is not yet known just who authorized this operation or at what level it was conducted. Still, it is enough for Americans to find that some representative of a friendly state saw fit to conduct the kind of operation against its patron that is usually associated with the intrigues of hostile powers.

The value of whatever may have been taken from the files cannot possibly come near outweighing the value of what may yet be taken from the relationship. The notion that an ostensibly friendly intelligence service could not keep its distance from an American civil servant does violence to the mutual trust that Israeli officials regularly describe as the sine qua non of American-Israeli relations.

No doubt many people will now feel that the first priority is to contain any damage done to American-Israeli ties. Others will feel a sense of deep and pained puzzlement. The American courts will handle the case of the Navy suspect. The more interesting question is what the Israelis will say about what was going on.

—THE WASHINGTON POST.

The Lesson From Medvid

Officials of the U.S. Immigration and Naturalization Service have now completed an investigation of the incident in which two border patrolmen returned a Soviet seaman, Miroslav Medvid, to his ship. They recommended that the agents be demoted in rank and suspended without pay for 45 and 90 days. What are the general rules, and how should the Border Patrol have responded?

About 15,000 foreigners seek political asylum in America each year. These include migrants from Central America, touring artists and sports figures from Communist countries, and innumerable ship-jumping seamen from all around the globe. Each has exactly the same right under the law to apply for political asylum and to have his case adjudicated in a hearing and on appeal. The rule is that no one seeking asylum is ever returned to his homeland against his will until all the person's legal remedies have been exhausted.

Twice in the past five years, a person seeking asylum has been, through error, sent home before his legal review ended, but in both cases America won his return to the United States.

Under INS regulations, asylum requests filed by citizens of certain countries, primarily the Soviet bloc and China, are treated on an expedited basis. The explanation is that this is necessary so that if the decision is adverse, the person has a chance of returning home within a few days, perhaps before his government

knows he has tried to leave, since these countries have a well-known history of punishing citizens for the simple act of trying to leave; most other countries do not.

The Medvid case should have been handled in this manner. A preordained series of phone calls—to superiors, to INS in Washington and to the State Department—should have been made immediately. The trouble in this case is that the border patrolmen maintain they were told by a translator that the seaman did not want asylum. Whether this was due to a foul-up in translation, a bad phone connection or the heavy accent of the translator is not known. Moreover, the officers turned Mr. Medvid over to local agents of the Soviet ship and were not even present when his struggle and second leap into the water took place. American officials later took him back ashore; by this time ship officials had talked to him, and he insisted he wanted to go home.

It was a serious failure of judgment not to have been especially careful with a Soviet seaman. There was reason to be skeptical of the long-distance translation. The border patrolmen were slow to seek the advice of superiors. For this the patrolmen are being punished.

As a general rule all persons seeking asylum in America are given every opportunity to make their case and to remain there while they do. That is the way it should be.

—THE WASHINGTON POST.

The Road to Thanksgiving

For many of us, the Thanksgiving itinerary will involve something far more hazardous than going over the river and through the woods. The paths to holiday get-togethers are fast lanes, loaded with deadly dangers on this从 the driver's seat. That's been the message all fall from the Washington Regional Alcohol Program, a coalition that has been coming up with practical suggestions on mass temperance. With the cooperation of restaurants, bars, hotels, auto dealers and civic leaders throughout the region, WRAP is urging groups of people to designate one person to abstain from alcohol and to do the driving for the rest.

That's not a complicated or demanding mission. It could prove to be the life of the party.

—THE WASHINGTON POST.

Other Opinion

Hijacking and Libyan Links

Achille Lauro crowd came to justice in Italy. Egypt has yet to produce the conclusive evidence which it says links Colonel Moamer Gadhafi's Libya with the murderous hijacking of the Egyptian Boeing. The colonel already has so much to answer for that Egyptian suspicions will get a sympathetic hearing, but so far hijacking has not been one of his specialties, nor that of the other chief suspect, Abu Nidal's terrorist group, whose forte is assassination.

It may be that the usual motives were absent in this case and that the hijackers simply wanted to blow up the plane, which had symbolic meaning as the vehicle by which the

—The Guardian (London).

FROM OUR NOV. 28 PAGES, 75 AND 50 YEARS AGO

1910: China Weighs Currency Reform
PARIS—China's National Assembly is reforming the currency system. Anything more complicated than the existing system in China could not be imagined except by a madman. The standard of value throughout the Empire is not a coin, but a weight of silver, the tael, and this weight varies in different provinces. There is the Hukwan tael, the Kuping tael, the Hankow tael, the Shanghai tael. As the price of silver fluctuates, it is necessary, in commercial transactions, not only to bear in mind the current rate of exchange, but also to remember what particular tael is being considered. Every commercial transaction necessitates a most complicated mathematical operation. One of the first undertakings of "Young China" must be the establishment of a uniform coinage in the Empire and the creation of a Mint.

1935: Hitler Links Bolshevism to Jews
BERLIN—"Germany is the bulwark of the West against Bolshevism and in combating it will meet propaganda with propaganda, terror with terror, and violence with violence," said Führer and Reichs Chancellor Hitler in a recent interview. Questioned as to the grounds for Jewish legislation passed in the Reichstag session at Nuremberg in September [forbidding marriages between Jews and persons of German blood and nullifying most civil rights for Jews], the Führer said: "The necessity of combating Bolshevism is one of the fundamental reasons for the Jewish legislation. This legislation is not anti-Jewish, but it is pro-German. Through this law the rights of the Germans shall be protected against destructive Jewish influences." He said that practically all Bolshevik agitators in Germany had been Jews.

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The 'Eurosclerosis' Doctor Prescribes Some Bitter Medicine

By Joseph Fritchett
International Herald Tribune

KIEL, West Germany — "Eurosclerosis" — hardened economic veins and arteries in Europe — is the diagnosis coined by the controversial West German economist Herbert Giersch.

Economic and social rigidities, in Professor Giersch's view, maintain a false stability that is handicapping Europe today. "Europe's economies are as flexible as they used to be," he says, "but the need for flexibility has become much greater with slower, more difficult growth and a dramatically more competitive world environment."

Professor Giersch, 64, was speaking in his office at Kiel University, where he heads the Institute for World Economy.

"You don't see the crisis in Europe — unemployed people do the best they can on benefits, they keep up their homes, they keep up appearances," he says.

Beneath his office windows, the city's shipyards had a look of tidy respectability, but they have been unable to keep up with Pacific competition, and no new businesses have replaced them.

The term "Eurosclerosis," he says, flashed into his mind two years ago after a long, fruitless discussion about what was then being termed "Europessimism." "Europessimism described a mood, and I thought we needed a word ... to analyze the disease and prescribe a cure."

In his diagnosis, the innovative powers of

European industry have been crippled because subsidies have made them dependent on government bureaucracies and, above all, because of rigid labor regulations.

Postwar Europe's commitment to full employment, when confronted with economic decline in the 1970s, hardened into an attempt to guarantee jobs in all circumstances, he argues. In many cases this extended even to guaranteeing workers that they would not have to change companies within the same industry.

Collective bargaining, which was designed to defend the rights of workers, functions today to protect them only temporarily while impeding industrial changes that might eventually restore growth, Professor Giersch contends.

For example, he notes, inflexible minimum wages imposed by collective bargaining prevent the establishment of some unpaid jobs that could be a starting point for the unemployed.

"We need partial deregulation from employment rules," he says, "especially to break down barriers for the young, who otherwise may never obtain a foothold in the workforce."

In European discussions of industrial reform, he says, the overall public interest rarely emerges in public debate, which he insists is dominated by unions, established businesses and other groups with a vested interest in the status quo. Groups, notably young people and minorities, that want more "openness" in the system are either weakly

represented or turn to the underground economy, he contends.

Professor Giersch notes that postwar European wages rose steadily until the early 1980s. Since 1970, when hourly pay rose in the United States by 5 percent above the inflation rate, it rose 40 percent in Europe.

This rise was particularly damaging, Professor Giersch says, because the increases were largely in social benefits, not take-home pay. Nonwage benefits account for 80 percent of labor costs in West Germany and 60 percent in France, compared with 28 percent in the United States.

As a result, there is less money in Europe for pay raises since corporate earnings are channeled increasingly into guaranteed uniform benefits, which often are regarded as a disincentive to work. Professor Giersch notes that paid sick-leave in West Germany is increasing steadily — and 70 percent of sick days fall on Mondays or Fridays.

In his view, another major side-effect of inflexible labor conditions is a distortion of investments in European technology. European businessmen, he says, tend to invest in technology simply to reduce the workforce, squeezing out the least efficient workers and getting maximum productivity from survivors.

In contrast, U.S. and Japanese industry often buys robots and computers to expand production capacity or to manufacture new products, thus creating wealth and jobs.

The effect, Professor Giersch says, aggravates the "techno-pessimism" that prevails among European young people. Many of them, he continues, view technological progress as a threat to jobs, not as a source of new industries and a better future.

Among his solutions, he proposes temporary arrangements that include tax holidays, fewer regulations governing working conditions and a dispersion from minimum-wage requirements or, in West Germany, from the wage levels set by nationwide collective bargaining. Such arrangements, he says, would increase European incentives to start companies.

"Europe has major untapped entrepreneurial potential," he says, "particularly among young people, women and the middle-management of existing firms." Small companies are needed in Europe, he adds, particularly in the trial-and-error process of finding new applications for micro-electronics.

Other European rigidities on Professor Giersch's list include the political constraints on industries subsidized or owned by governments and what he terms "notoriously high" taxes, phone charges and rail and air-travel prices in comparison with U.S. and Japanese charges. All siphon off purchasing power, making Europe less competitive and handicapping industrial innovation, he says.

"Europe's weakness is not technological," Professor Giersch concludes. "It's institutional."

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"Europessimism described a mood, and I thought we needed a word ... to analyze the disease and prescribe a cure."

— Herbert Giersch

Europe Is Pinning Its Hopes of Economic Revival on New Approaches

(Continued from Page 1)
industries that brought prosperity to modern France — coal mining, steelmaking, textile weaving, shipbuilding — Lille was stolidly waiting for an economic recovery. While its patience lasted, there was no market for social and economic innovations.

Today Lille's heavy industries are surviving because of government subsidies. French planners admit that these industries will never flourish again and say that new growth can come only from new kinds of businesses.

And so the government has launched a sweeping effort to modernize France's economy. A crash program in computer literacy put consoles in the classrooms at Pas-de-Calais and in nearly 160,000 other public schools throughout the country last September. The Business Shops are encouraged. In parliament, legislation has been drafted in an effort to slash layers of red tape complicating employers' dealing with labor.

"I think the cultural mold is changing in France, not in the revolutionary style we like to believe we practice, but slowly changing to be more favorable to small entrepreneurs," said Alain Rhamage, the national coordinator for the Business Shops. "French people are losing the managerial mystique, which meant the bigger the better — for industry and for government."

Sometimes cautiously, similar experiments in commercial and social innovation have begun throughout the 10 nations of the European Community and surrounding countries.

"European industrialists and political leaders are still very defensive, which is a poor attitude for bold thinking about how to go forward," says Shirley Williams, a founder in 1961 of Britain's Social Democratic Party. "But there is a catch-up-and-compete mood taking shape in the European context."

The new mood, according to numerous West European business men and analysts interviewed in recent weeks, corresponds to a feeling that the industrial world is passing a watershed, not just a slump. After a postwar era of easy economic growth, which centered on the rebuilding of industries largely based on prewar technologies, the feeling now is that Europe's heavily export-dependent industries have wasted a decade in recognizing a fundamental change in their competitive environment.

As a liberalizing tide of government deregulation has released the commercial potential of new technologies, U.S. and Japanese corporations — using computers' growing ability to talk to each other by telephone — operate globally with great agility, juggling resources to target markets and overwhelm competitors. The victims include Europeans in their own domestic markets.

"Computer technology, allied with the modern telecommunications that have become part of data-processing, enables big companies to attack global markets," confirms the Italian industrialist Carlo de Benedetti, who has achieved record profits at the Olivetti office-equipment company and who has joined with AT&T to challenge IBM in Europe.

In this last move, Mr. de Benedetti reflects Italy's business climate. The country teams with small companies that are more innovative and profitable than Europe's traditional industrial giants and amazes other Europeans by its social and technological ingenuity.

At the same time, Italian companies consistently bypass inter-European alliances to form partnerships with U.S. and Japanese companies offering technology and market access.

This technological threat has become more urgent because Europe's traditional industries face a rising challenge from newly industrialized countries, which can manufacture cheaply because of low labor costs or cheap energy in newer plants.

Europe's economic problems are "not a cyclical downturn that can be treated with monetary and fiscal manipulation," says Herbert Giersch, the West German economist who heads Kiel University's Institute for World Economy. "It is a long-term trend, but it can be reversed if Europe applies constitu-



The computer at school, the Lycée de Bessières in Paris.

tional therapy to increase opportunities for economic activity.

The U.S. business writer Peter Drucker goes further, arguing that the spread of management skills and the adoption of computer technology have bred an "entrepreneurial society" in the United States.

In his book, "Entrepreneurship and Innovation," which is becoming a best seller in Europe, he contends that small companies can cope with human needs and new technology more effectively than established corporations, producing a lively economy with a few "winners" that grow into global giants.

This new brand of capitalism — a break with a century-long quest for bigger factories and government bigger schools and other social services — is only starting to reach Western Europe, Mr. Drucker says.

He finds corroboration from Edward J. Streator, the U.S. representative at the Organization for Economic Cooperation and Development, the Paris-based coordinating body for 24 non-Communist industrial nations.

"More and more European governments appear willing to give the entrepreneur a chance," Mr. Streator has said. "West European governments from conservative to socialist are reviewing their options

and finding that market-oriented policies, not planning, may be the appropriate solution."

What binds the differing governments is that they all remain stymied by unemployment problems and slow growth. European leaders agree on major reasons for their predicament:

The first is their countries' lag in technology. The European Community will run a \$12-billion trade deficit this year in "information technology," or computers and the software that run them, imported from the United States and increasingly from Japan.

Already more than half of the information technology produced in Europe is the work of U.S. and Japanese subsidiaries. Citing that trend, Dr. Robb Wilmut, head of Britain's computer-maker ICL, predicts that in five years the subsidiaries' share of the European market will expand to two thirds.

The lag is extensive, EC officials note that Europe's output of high-technology products for the last decade has grown less than 5 percent a year, compared with more than 7 percent growth in the United States and 14 percent in Japan.

Only in telecommunications is Western Europe more or less equal to the United States and Japan, says Mr. Seitz, the director of planning at West Germany's foreign ministry. He adds: "Even that basic

is endangered because computer technology and telecommunications technology are merging." In a process called digitalization, phones are beginning to communicate with electronic pulses, the same technology used in computers.

The second major predicament is the contrasting employment outlook in the United States and Western Europe.

In the decade since the rapid increase in world oil prices stunted growth, the U.S. economy has gained 24 million jobs, a peacetime record whether measured in percentages or in absolute numbers. At the same time, Western Europe has lost perhaps as many as 4 million jobs. So the Western European countries, whose economies provided 20 million more jobs than the United States in 1970, now have at least 8 million fewer than the U.S. total of 106 million.

Poor job creation, in the years after 1973 when the baby-boom generation was reaching employable age and more women sought jobs, has given Europe its unemployment predicament, with a jobless rate approaching 13 percent in the EC.

"Unemployment has become Europe's gravest crisis; it has defied all of Europe's traditional remedies and it is forcing nations to consider radical alternatives," said Michael Rommel, Stuttgart's reform-minded mayor, echoing the views of many politicians and industrialists.

In answer to this, the new wave of economic reforms is similar throughout Europe in seeking to revive business dynamism in fundamental ways. Many educational and social assumptions are being challenged — including the prevailing idea that industrial growth is secondary to the need to redistribute wealth more thoroughly.

Changes vary widely: loosening state monopolies in products and services ranging from arms to telecommunications; forging multinational industrial partnerships in such high-tech fields as electronics; legislating new academic and research priorities; lifting laws banning most commerce on Sunday.

None of these changes has significantly improved the outlook of any European country yet. Recent twitches of economic revival in Europe, most economists agree, reflect the decline since last summer

in the U.S. dollar's exceptional strength.

Nevertheless, new approaches are widespread and obvious. France's Socialist government is trying to end the social and often legal, stigma on entrepreneurs whose gambles end in bankruptcy. British businessmen, long turned toward the Commonwealth, are pushing the Thatcher government for closer commercial integration into the EC. Italy has started demanding wage settlements indexed to inflation. The Netherlands has limited welfare costs. West Germany is trying to enliven its stock market.

The EC, conceived initially as a barrier to warfare between France and West Germany, took little account of businessmen's thinking at the start. The founder of the Common Market, Jean Monnet, deliberately excluded industrialists from the informal network of political leaders and labor leaders that he recruited to promote his ideas for European unity.

"That would be unthinkable today," says Baron Lambert, head of the Banque Bruxelles Lambert.

The EC is now regarded by many European businessmen as the vehicle to help them match their U.S. and Japanese rivals in market size and operational freedom.

Above all, Europe needs to "change scale," says a statement by the Round Table of European Industrialists. The top priority, the group contends, is a European Commission plan to make Europe a market of 320 million consumers — larger even than the U.S. market of 250 million.

(Monday: Moves to remodel the Uncommon Market.)

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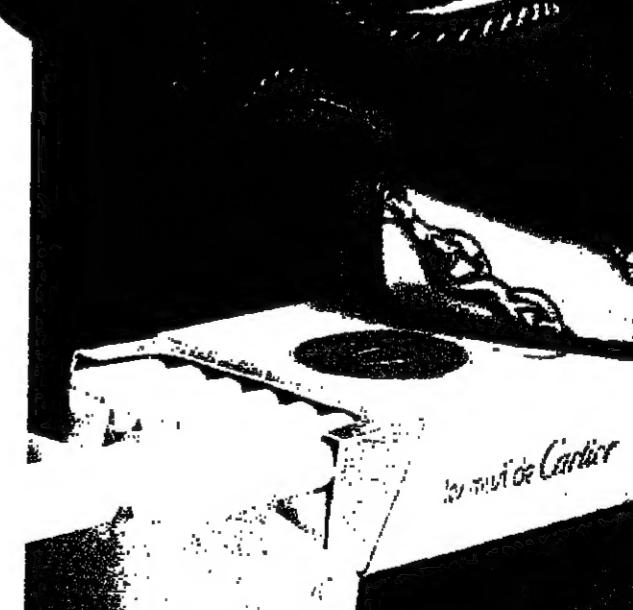
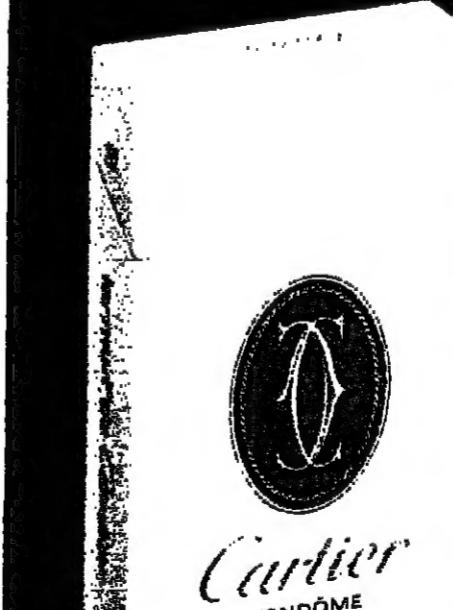
"... ein Spitzengerät besonderer Art, das alle Wünsche erfüllt, die man heute an eine Kamera stellen könnte ..."

Germany's 'Foto-Magazin' leaves us with nothing else to say.



Canon 70

European camera of the year '84.



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Beijing



Oil, China's most important export. Left, Chinese woman working in an oil rig.

Metallurgy Includes Giant Trucks

Big countries, big trucks—logical enough, but the trucks put together by the China Metallurgical Import and Export Corp. (CMIEC) and UNIC Corp. of the United States still seem outsize. The Unisig truck (parts made in China, assembly in the United States) has a 100-ton payload and is used in mining operations in both countries.

Founded in January 1980, CMIEC was set up, says Chen Qinghui, vice president, to accelerate business dealings abroad and at the same time help raise China's technology level.

In business scope includes the following categories:

- The export of metallurgical products such as ores, alloy steels, rare earth metals and refractory materials.

- The importing of iron ore, manganese ore and chrome ore.

- Joint ventures and com-

pany trade deals with foreign partners on metallurgical industry projects.

- Imports of equipment, machine parts and instruments for steel plants and mines.

- Importing and exporting of technological know-how.

- Cooperative production of metallurgical equipment (such as the truck concern with UNIC) and processing of parts for foreign firms.

- Processing of metallurgical products for foreign firms with materials provided by those firms (the so-called toll processing arrangement).

- The export of metallurgical products such as ores, alloy steels, rare earth metals and refractory materials.

- The importing of iron ore, manganese ore and chrome ore.

- Joint ventures and com-

pany production but must supplement its requirements with about 20 percent imported ore. Most of these supplemental ores come from Australia (which sends both iron ore and manganese ore). Other regular suppliers include Brazil, India, Algeria and Pakistan.

Also from abroad, via CMIEC, come technicians and know-how to help improve China's production abilities. Both West Germany and Japan, for example, have sent technicians to the huge Baoshan steel complex near Shanghai to train Chinese counterparts. There have been infusions of technology as well from France, Britain and Australia.

In its turn, China exports technological know-how, mostly to the Middle East and Africa, in the form of helping to build airports, roads, apartments and office buildings.

CMIEC was instrumental in building the huge water network linking Hong Kong with Shenzhen, just over the border.

So far, Chen says, joint ventures with other nations are moving slowly, largely because sizable investments are needed before returns begin to flow in. One major current discussion partner is the giant Mannesmann firm of West Germany, and there are other deals in the works with North American and West European firms.

Another important area of projected involvement is in the enormous iron and steel project being put together by Hong Kong multimillionaire Sir Y.K. Pao in Ningbo. That city's large-scale port development scheme, combined with plans for significant economic development, makes the northern fringe of Zhejiang province a place for foreign traders to watch.

But the overall progress indicates that Beijing's leadership has got its sums right, at least for the time being. Recent statements indicate that there will be no slackening in the drive for economic reform.

Party Chairman Deng Xiaoping, speaking in Beijing in late October, said that reforms offered the only solution for directing China toward development and prosperity.

Deng reiterated support for current economic policy, noting that "a combination of planned economy and market economy could further liberate productive forces and accelerate their development."

A Western economic specialist in Beijing noted that China today effectively has three economies: the old-style planned economy, the burgeoning "guided economy" in which the state's role is shrinking as market forces take pre-

cedence, and the "free" economy where, as a Westerner put it, "almost anything goes." In the latter category Beijing observers have noted the proliferation of private taxi firms, barber shops, small inns and restaurants and scores of small repair shops.

An integral part of Beijing's efforts along these lines has been the establishment—in the years since the current wave of economic reform began gathering momentum in 1979—of state foreign-trade corporations.

(Some trading firms have been

in existence much longer, of course, and some were estab-

lished only in 1984.)

New or old, however, their assigned goal is the same: to bring in the foreign exchange needed to finance the modern technology to help China accelerate its drive toward modernization.

China's economic foundations seem reasonably solid these days. According to official figures, China's national income grew by 12 percent in 1984 and in early 1985 was soaring still more rapidly—by an estimated 20 percent. Inflation is being held down to about 3 percent, the government claims, though there is some concern that the pace has quickened in 1985.

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As China's modernization progresses, so must its foreign trade. A look at Beijing's current expansion in the field of exports.

The Key to Progress Is Foreign Trade

In stunning contrast to the general complexity of China's ongoing economic reforms, one equation is as simple as a pair of chopsticks: National growth requires foreign currency, foreign currency is earned by exports, and thus exports must increase.

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FIVE SUBSIDIARIES OF CHINA NATIONAL NATIVE PRODUCE AND ANIMAL BY-PRODUCTS IMPORT & EXPORT CORPORATION

With the approval of the Ministry of Foreign Economic Relations and Trade of the People's Republic of China, and the State Administration for Industry and Commerce, the China National Native Produce and Animal By-Products Import & Export Corporation has set up five subsidiary organizations in Beijing. We are willing to expand business, strengthen cooperation and exchange technology with the economic and trade circles all over the world.

CHINA CARPET

IMPORT & EXPORT CORPORATION
Business scope: Importing and exporting carpets, rugs, wall tapestries, floor-coverings made of various kinds of fibres, and materials, auxiliaries, equipment, and technology, as well as interior decoration materials.

Address: 82 Dong An Men Street, Beijing, China
Telex: 22896 TUHSU CN

CHINA TEA

IMPORT & EXPORT CORPORATION
Business scope: Importing and exporting tea, coffee, cocoa and beverages.

Address: 82 Dong An Men Street, Beijing, China
Telex: 22899 TUHSU CN

CHINA FLOWERS

IMPORT & EXPORT CORPORATION
Business scope: Importing and exporting ornamental plants, birds, fishes and pet animals, as well as horticulture; conducting technical cooperation and handling domestic sales.

Address: 22 Banchang Lane, Jiao Dao Kou, Beijing, China
Telex: 210204 CFCO CN

CHINA TIMBER

IMPORT & EXPORT CORPORATION
Business scope: Importing and exporting timbers and timber products.

Address: 82 Dong An Men Street, Beijing, China
Telex: 22898 TUHSU CN

CHINA

INTERIOR DESIGN & DECORATION MATERIAL IMPORT & EXPORT CORPORATION

Business scope: Interior designing, decoration works, import and export of decoration materials, furniture and fixtures.

Office: 82 Dong An Men Street, Beijing, China
Reception Room: Peace Hotel, (No: 3 Gold Fish Alley, Beijing)
Telex: 210207 SURDD CN

Silk: 2,000 Years on the Market

For centuries silk has been the prime link between the Orient and the Occident. Little wonder that the network of caravan trails linking China to the Mediterranean 2,000 years ago was called, quite simply, the Silk Road.

Although other nations now produce their own silk, China still dominates the market. "Total world silk production," says Li Haoran, vice president of the China Silk Corp., "is well over 50,000 tons a year, and China produces 60 percent of this." Perhaps more significantly, China these days handles 50 percent of world raw-silk exports, a good deal of which goes to Japan, India and the Soviet Union. In the fabric area China exports 40 percent of world-market silk fabrics, and most of the raw material for U.S. high-fashion silk comes from China.

Despite the age of China's silk industry, the China Silk Corp. is new on the scene. Founded in March 1982 to, as Li puts it, "put an ancient industry under rational control," the corporation's officers are directly responsible to the State Council.

Production and marketing facilities now are under one roof and are well on the way to being completely integrated. "This has improved our economic and export efficiency," Li says. "Before, we had to



write to the State Council to get top-level decisions made. No more."

The corporation's business is mainly in silk exports. It also handles imports of chemical fibers, dyestuffs and dye machinery. Domestic silk sales, formerly

under the Ministry of Commerce, now are handled by China Silk. And cocoon purchasing, once under the All-China Cooperative Corp., also comes under the corporate umbrella.

That's not all. The corpora-

tion also works with two universities and one silk industry school as well as many silk research institutes. "Now," says Li, "we handle the whole process, from the cocoons to ready-made goods."

So far, he adds, the state is

pleased with the corporation's progress. "Under the plan, we hope to triple our production before the end of the century. But this will be difficult. We must worry about improving quality as well as quantity and delivery efficiency."

Li points out that China dominates the world in its quantity of silk production but lags in quality, finishing, style and promptness of delivery.

"We will change this situation, but this will take a long time. In Japan and West Germany, higher technology produces better quality. We have no intention of destroying the silk industry in Western Europe... this dish must be shared by all."

As it now stands, China exports 4,000 tons a year of raw silk, as well as large quantities of silk fabrics to Western Europe. Japanese silk is three times more expensive than the world market price of \$25,000 a ton (about ten times the price of cotton). Only China, according to Li, can provide top quality at this price.

His corporation's exports of ready-made goods are also growing, but China's annual

exports of \$100 million add up to only about 2 percent of the worldwide total of \$50 billion.

A looming problem for the silk industry is cost-effectiveness. Efforts to streamline production have not been totally successful, raw silk production has ended in Western Europe and it is declining in Japan. And even in China's more developed areas, Li says, sericulture is declining: it is long on time and short on profit. In Sichuan, however, production is increasing. Now more than a quarter of national raw-silk output comes from this province.

To some Western eyes, China's chief problem with its ready-made garments can be summed up in one word: style. China's designers are not yet up to the level of European stylists, but Western Europe won't let China ship finished goods in any case.

There are plans to send Chinese designers abroad to study foreign styles and improve the level of Chinese goods. Chinese fashion shows have already been staged in Hong Kong, Japan and in China as well, and there are plans to send a fashion show to the United States next year.

Ad Trade Specialists

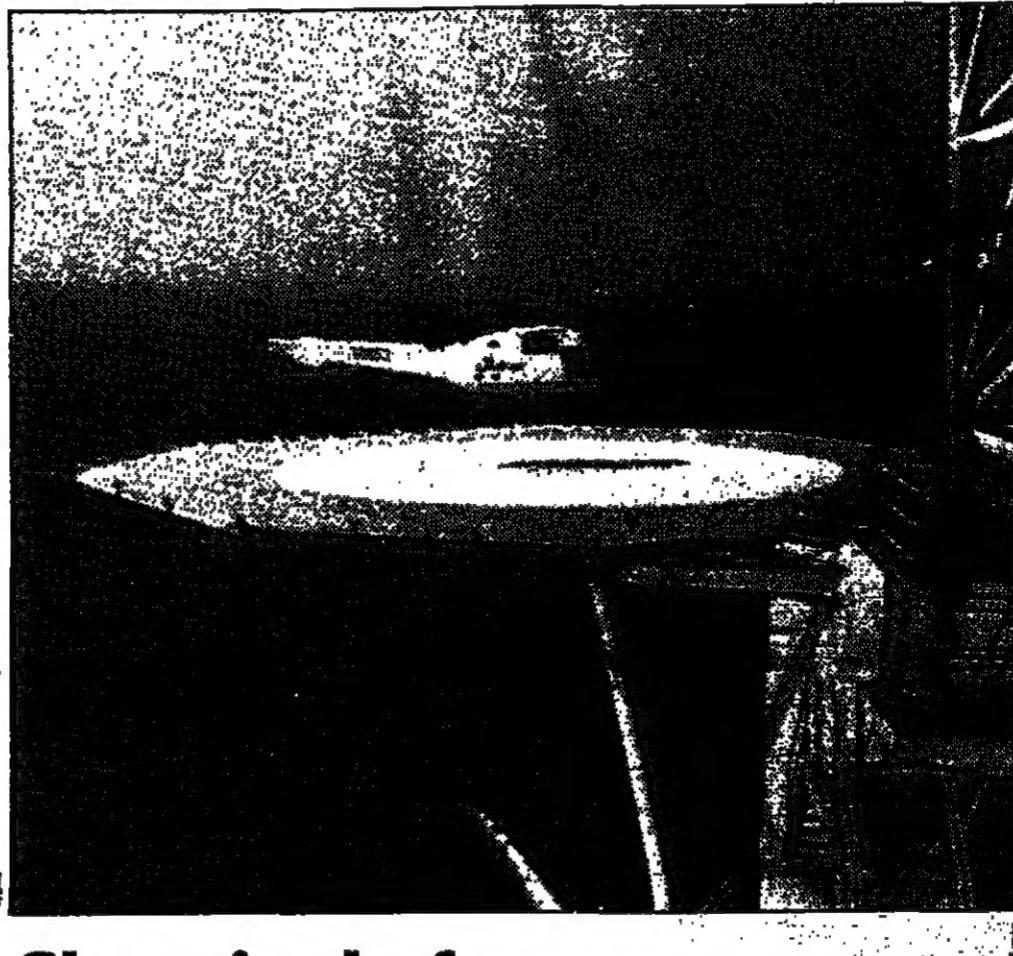
Business contact with import-export firms is smoothed by the China International Advertising Corp., founded in 1984. Headed by Ruan Jiageng, president, and Wang Bo, vice president, CIAC is an independent economic entity, responsible for its own management—and its own profits and losses.

Foreign business travelers can ask CIAC to make hotel reservations, arrange transportation and make appointments with leading executives of the country's import-export corporations. In addition, CIAC will

handle market research assignments, undertake advertising and promotional activities for overseas and domestic firms, and handle exhibitions as well.

The firm also acts as an agent for China's export commodity advertisements in other countries as well as handling overseas advertisements in China.

Its major objective is to open up international advertising business. To this end CIAC will design ad layouts, provide economic information and advise on sales strategy.



In less than 15 years, the Chinese went from total oil dependence to total oil independence opening the way to new export item. Left, a Chinese offshore drilling rig. Below, a worker in a petrochemical complex.

China National Machinery & Equipment Import & Export Corporation

CMEC deals in the export business of machinery and instruments manufactured by enterprises under the Ministry of Machine-Building Industry of the People's Republic of China. It handles the introduction of technology, co-production, joint ventures and the import of machinery, equipment, instruments, parts, components and raw materials provided by the said enterprises. It also undertakes trade practices such as processing with supplied drawings, samples and



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TELEX: 22186 EQUIP CN 22610 EQUIP CN 22341 CMIC CN

CHINA SILK CORPORATION
82, DONG AN MEN STREET, BEIJING, CHINA
CABLE: CHINA SILK BEIJING, CHINA
TELEX: 22652 CSCB/CN TEL: 558831, 551995

PRINCIPAL IMPORTS & EXPORTS
White Steam Filature, Thrown Silk, Doupion Silk, Native Silk, Spun Silk Yarn, Silk Nol Yarn, Silk Tops, Silk Nol, Silk Winding, Silk Waste, Waste Cocoon, Blended Yarn, Tussah Silk, Pure Silk Piece Goods, Spun Silk Fabrics, Nol Poplin, Tussah Silk Fabrics, Rayon Fabrics, Synthetic Fabrics, Blended and Mixed Fabrics, Pure Silk Knitted Fabrics, various Embroidered and Non-Embroidered, Silk Garments and other Silk Ready-Made Goods made of the above mentioned materials.

MAIN BRANCHES OF FOREIGN BUSINESS:
CHINA SILK CORPORATION
JIANGSU IMPORT AND EXPORT BRANCH
50 ZHONGHUA ROAD, NANJING, CHINA
CABLE: CHISICORP NANJING, CHINA
TELEX: 34107 SLNK/CN TEL: 24580



materials and assembling with supplied parts, compensation trade, technical service and labour export.

Main Export Items:

- Machine Tools & Tools
- Heavy-Duty Mining Machinery
- General-Purpose Machinery & Machinery for Petroleum & Chemical Industries
- Bearing & Essential Parts
- Instruments & Meters
- Electric Products
- Complete Sets of Equipment & Complete Projects
- Various Kinds of Specialized Equipment

Chemicals for Self-Sufficiency and Profit

In an era when foreign trade and hard currency profits are important in China as rarely before, the claim of the China National Chemical Import and Export Corp. is very much worth listening to. A company spokesman says, "We have earned more foreign exchange for China than any other corporation."

Figures for 1984 alone are impressive. In that year, CNC's import and export totals reached a combined total of \$10.4 billion, and 60 percent (or \$6.3 billion) came from exports. So far this year, preliminary figures indicate that exports are running 20 percent ahead of last year's numbers. Foreign exchange income so far is up 22 percent.

This is CNC's 35th anniversary, and its activities are distinctly different now than at its founding. In those days imports were all-important, but now the tables have turned. China has become self-sufficient in many items and now can export products previously imported.

A leading example is oil, imported 100 percent in 1949. In following years, China's petroleum development gathered speed. By 1962 the country had reached self-sufficiency levels

and began exporting small quantities of crude. A decade later, a million tons of crude were being exported annually to Japan. Since then millions of tons of crude, kerosene and aviation fuel, coal oil, lubricating oil and petroleum have been shipped to customers in Japan, the Philippines, Thailand, Singapore, Korea, Australia, Turkey, Italy, Spain, the United States, Brazil, Chile and Romania.

Today oil is China's most important single export. But it is not by any means CNC's sole money-maker. Among its other exports are organic and inorganic chemicals, dyes, printing inks, chemical reagents, synthetic rubber products and pesticides. Customers for these products are in more than 130 countries across the world.

The corporation continues to expand its activities abroad. Independent offices have been set up in Hong Kong and Japan, and a representative office is located in Singapore. There are branch offices in the United States, France, West Germany, Japan, Panama, Singapore and Hong Kong. Plans are also under way for more branch offices in Brazil, Britain, Thailand and the Middle East.

ANNOUNCEMENT OF

CHINA METALLURGICAL IMPORT & EXPORT CORPORATION

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CABLE: ZJSILK HANGZHOU, CHINA
TELEX: 35016 TZCSB/CN TEL: 25234

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17 ZHONG SHAN ROAD E.1, SHANGHAI,
CHINA
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TELEX: 33059 CTSSB/CN TEL: 215750

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CABLE: SILK GUANGZHOU, CHINA
TELEX: 44071 KTEX/CN TEL: 31750

CHINA SILK CORPORATION,
QINGDAO IMPORT AND EXPORT BRANCH
32 LAYANG ROAD, QINGDAO, CHINA
CABLE: CHINASILK QINGDAO, CHINA
TELEX: 32114 SLKQD/CN TEL: 85010

CHINA SILK CORPORATION,
DALIAN IMPORT AND EXPORT BRANCH
68 XING LIN STREET,
ZHONG SHAN DISTRICT DALIAN, CHINA
CABLE: CHISICORP DALIAN CHINA
TELEX: 86166 DSIK/CN TEL: 27612 28609

Tea
Work

Discover
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National
Products
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Export
Corporation
It is
represented
in various
parts of
the world.

China National
Metallurgical Import
Export Corporation
It is
represented
in various
parts of
the world.
The purpose
of opening
the increase of
import and export

Tea Tempts the World's Palate

The names themselves call up a world of sumptuous tastes: Keemun, Panyang Congou, Lapsang Souchong, Lung Ching, Hyson, Gunpowder, Jasmine, Yulan, Flower Peacock, and Export Corp. This figure represents about 10 percent of the corporation's total 1981 exports of \$2.5 billion and is by far its single most valuable export.



Blended, black or green, China's tea remains the world's most popular.

Black Brick. And consider the Oolongs alone: Chi Chung, Ta Hung Yen and Ming Xiang—all semifermented varieties with strong, full flavor.

China's tea, it's fair to say, is the world's most popular and its variety is huge. While Americans prefer blended teas, West Germans and Britons like black tea (Britain alone imports 200 million tons of black tea a year) and African nations prefer green tea.

All in all tea exports earn China \$200 million a year, according to Bi Yingwen, assistant manager of the China National Native Produce and Animal By-products Import

More than 10,000 products are sent abroad each year, but a select group of only a dozen (including tea) generates \$500,000 to \$1 million apiece. Among the other big earners are mini oil, carbon, cashmere, hog bristles, sausage casings and angora. China controls more than 90 percent of the world Angora rabbit-fur market.

The corporation divides its products into three categories: tea, animal by-products and native produce, each with its own star attractions.

In the animal by-product sector, carpets are the most important single export. Demand for down has risen significantly. But

turquoise and kitchenware made of bamboo are seen in most parts of the world. Spices (such as dill, coriander and pepper) and essential oils (basil, spearmint and patchouli) are also important. And most people in the world have heard of Chinese firecrackers.

With 64 domestic branches and many offices and representatives abroad (London, Paris, Tokyo, Hamburg and Paramus, New Jersey among them), the 35-year-old corporation is active worldwide. Ninety percent of its exports go to four major areas—the United States, the European Economic Community, Japan and Hong Kong—in roughly equal proportions.

It is all a little bit like the first scene of "Macbeth," reading these catalogues: no eye of newt or toe of frog, to be sure, but the customer is offered deer antler or sinew, dried frog, otter liver and fossil teeth. And then there's licorice extract, loofah sponges, mace, indigo, hops, ginseng and that old favorite, white fungus. All these items and thousands more besides are among the offerings of the China National Medicines and Health Products Import and Export Corporation.

The firm was established January 1, 1984 to deal with imports and exports "more professionally" than before, explains Yuan Zhengping, deputy general manager of the corporation's research and development division.

There are two major sectors of the corporation: the so-called "crude drugs" or Chinese herbal medicines, and Western medical implements and drugs that either were developed in China or are made here under license. Exact totals of recent imports and exports are not available, but Yuan speaks of "a few hundred million" U.S. dollars.

Traditional Chinese medicines, relatively little known in the West, have a ready market in Japan and Southeast Asia and to a lesser extent in the United States and Western Europe (notably France and Italy). Yuan points out that herbal medicines made here are now being tested by laboratories in the United States, West Germany, Switzerland and the Soviet Union.

All Chinese medicines made for export, Yuan emphasizes, must pass the standards set in the United States by the Food and Drug Administration and in Britain by the BP (British Pharmacopoeia).

The "crude drugs" come from nearly all parts of China.



Chinese herbal medicines have become an important export item.

Left, "Cultivating Medicinal Herbs" painted by Pai Hsia-hao, a male commune member.

Exporting the Factories Themselves

In central Pakistan's city of Gudan this month, final work is accelerating on a huge new 210-megawatt thermopower station, exported in its entirety to Pakistan by one of China's burgeoning import-export corporations.

This is a turnkey operation, says Xi Yudi, acting president of the China National Machinery and Equipment Import and Export Corp. (CMEC). The plant's Pakistani owners need only turn a key, in effect, to spark it into operation on completion next February.

So far, Xi says, this is the largest complete thermopower station his firm has installed abroad. CMEC supplied every-

thing from design and equipment to the workers and technicians needed to install the plant and train its new Pakistani operators. Almost 400 Chinese in all were involved. In addition a Pakistani team came to China for training, while a small Chinese unit will remain in Pakistan for the first year of operation to oversee operation.

The Pakistan contract is an example of the corporation's Third World-oriented policy, Xi says: "Our technology is more suitable to the Third World, and thus it is a natural objective."

But CMEC also ships selected products to Western customers. Its heavy lathes, for

example, are turning now in Hannover, West Germany. It has sold steel-rolling mill equipment to Siemens in that country. And there are other connections as well: General Electric and Westinghouse in the United States, Alsthom Atelantique in France, BBC Brown Boveri of Switzerland and several Japanese firms. CMEC works under the Ministry of Machine Building Industry, which has eight major categories of products:

- Machine tools and tooling, grinding machinery and abrasives.
- Electrical products and generators, hydropower equipment, electrical cables and wires
- and electrical motors.
- Heavy mining machinery, excavators and cement factories.
- General petrochemical machinery, including pumps and compressors.
- Electric and electronic instruments and meters.
- Hydraulic equipment and bearings.
- Agricultural machinery.
- Automobiles and trucks (CMEC does not handle exports of the latter two categories).

Founded in June 1978 as China's major economic reform gather impetus, CMEC in 1984 exported a total of \$350 million, up about 10 percent

from the 1983 total of roughly \$310 million. It has 56 branches within China; one in each of the 28 provinces except Taiwan and Tibet, one in the Shenzhen autonomous zone near Hong Kong and others in major cities such as Wuhan, Chongqing, Sian and Shenyang.

There are many offices abroad as well. Hong Kong is of course a major operation, and CMEC has a total of 22 foreign branches. These are located in West Germany, Britain, France, Turkey, Pakistan and Japan. Joint operations are expected soon in Chile and Australia, and there are plans afoot as well for offices in the United States and Peru.



Discover The Flavour Which Made Hebei Chestnuts Famous

In a country with a long tradition of dedication to good foods, it is often said that the Chinese relish Hebei Chestnuts more than many other delicacies.

Hebei Chestnuts have been well-known and widely enjoyed in China for centuries but their adoption as a favorite food of an empress of China in the Qing Dynasty made their popularity even more widespread.

Every 100 grammes of Hebei Chestnuts contains essential vitamins and minerals and these constituents:

coarse fibre	: 1.2 grammes
fat	: 1.5 grammes
protein	: 4.8 grammes
carbohydrates	: 44.0 grammes

To find out more about this delicious and nutritious product, contact:

China National Cereals, Oils and Foodstuffs Import & Export Corporation Hebei Branch at 82 Jichang Road, Shijiazhuang, China
Cable: CEROILFOOD SHIJIAZHUANG
Telex: 22547 WHBFC CN

or contact:

China National Cereals, Oils & Foodstuffs Import & Export Corporation
82, Dong An Men Street, Beijing, China
Cable: CEROILFOOD Beijing
Telex: 22281 CEROF CN or
22111 CEROF CN

CHINA NATIONAL MEDICINES & HEALTH PRODUCTS IMPORT & EXPORT CORPORATION HEAD OFFICE

China National Medicines & Health Products Import & Export Corporation, Head Office is a specialized trade corporation under the Ministry of Foreign Economic Relations and Trade with branch offices scattered in various provinces, autonomous regions and major ports of China. Representative or operational agencies are also to be stationed in the leading markets of the world.

The purpose of the Corporation is, according to the policy of opening to the outside world and focusing on the increase of economic efficiency, to actively develop import and export trade in medicines, health products

and surgical instruments, to absorb foreign investment, to introduce technical know-how, to practise joint ventures and joint operations through the channel of trade, thus promoting the process of modernizing China's medicines, health products and surgical instruments.

With this end in view, we warmly welcome our counterparts in various places of the world to enter into business relations and develop trade with us on the basis of equality and mutual benefit, and we will do our best to provide facilities to our customers.

Address: Building No. 12, Jianguomenwai Street, Beijing, China.

Tel: 503344

Telex: 210103 MEHEC CN

Cable: MEHECO BEIJING

From Otter Liver to Antibiotics



Current Chinese medical practice uses these traditional medicines in tandem with Western products. In acupuncture, for example, doctors use electronic needles which automatically determine the correct insertion depth.

In the corporation's Western medicine sector there are several joint-venture arrangements. Many foreign firms are working with Chinese factories to smooth our production and quality control, and foreign equipment has been brought in. Among joint-venture partners are Ciba-Geigy of Switzerland, Pfizer of the United States and the Belgian division of the U.S. firm of Johnson & Johnson. Negotiations for other joint-venture partnerships are underway with Beecham's of Britain and other companies in Japan and West Germany.

Under the latest Five Year Plan (1985-90), Yuan says that the corporation hopes to double sales—and double them again by the year 2000. To help that drive, branches are to open in major world cities. Hamburg is set, and negotiations are proceeding for more offices in New York, Hong Kong and Japan. The corporation has a total of 43 branches in China itself.

SINOCHIM 1950-1985



CHINA NATIONAL CHEMICALS IMPORT & EXPORT CORPORATION

IMPORT AND EXPORT ITEMS

1. Crude Oil
2. Oil products
3. Chemical fertilizer
4. Natural rubber
5. Chemical constituents
6. Plastics
7. Paints
8. Printing inks
9. Dyes
10. Pigments
11. Pesticide
12. Synthetic rubber
13. Rubber products
14. Chemical reagents

OFFICES

1. Branch corporations in 26 of the 30 Chinese provinces, metropolitan and autonomous regions.
2. Branch corporations in the cities of Chongqing, Guangzhou, Wuhan, Shenyang, Dalian and Harbin.
3. Jinghan United Trading Co., Jinghan, Shanghai
4. Yanshan United Foreign Trade Corp., Yanshan, Beijing
5. Laobu United Foreign Trade Corp., Laobu, Luoyang, Henan Province.
6. China Resources Petroleum and Chemical Corporation, Ltd., Hong Kong.
7. Nam Kwong Trading Co., Macao.
8. Representatives in Japan, Federal Republic of Germany, France and Singapore.
9. Solo and joint ventures in USA, Hongkong, Japan, Panama and Federal Republic of Germany.

SERVICES

1. Acting as agents
2. Processing of customers' materials
3. Compensation trade
4. Joint ventures
5. Barter trade
6. Co-operative enterprises
7. Technical exchanges
8. Information on international trade
9. Marketing consultation

We will negotiate and trade with people in the lines of petroleum and chemicals oil over the world, and cordially supply them with trade information and quality service.

HEAD OFFICE IN BEIJING PROVIDING INFORMATION & SERVICES

China National Chemicals Import and Export Corporation, Address: Erlou, Xijiao, Beijing, People's Republic of China
Cable: SINOCHIM CN
Telex: 22243 CHEMI CN
Other Divisions:
22553 CHEMI CN (Petroleum and Petroleum Products Divisions)
260153 CHEMI CN (No. 1 Import Business Division)
22762 CHEMI CN (No. 2 & No. 3 Import Business Divisions)
22556 CHEMI CN (No. 1 & No. 2 Export Business Divisions)
22087 CHEMI CN (Logistics and Transport Division)

CHINA NATIONAL TEXTILES IMPORT & EXPORT CORPORATION

China National Textiles I/E Corp. (Chinatex) is a state-owned enterprise dealing in the import and export of textiles. We do business in many different ways, such as joint ventures, cooperative enterprises, agency representation and supplied materials processing. We cordially invite business people all over the world to contact us for discussion.

Chinatex Products and Services

We import and export cotton, wool, man-made fibers: cotton yarn, man-made fiber yarn and blended yarn; sewing thread, woolen knitting yarn, blended knitting yarn, grey cotton cloth; bleached, dyed, printed and yarn-dyed cotton fabrics; polyester/cotton fabrics, man-made fiber fabrics, blended fabrics, linen; worsted and woolen fabrics, plush, interlining woolens; garments for men, women and children, infant's outfit, cotton knitwear, woolen knitwear, man-made fiber knitwear, blended knitwear, cotton and blended manufactured goods and blankets.

Chinatex Subsidiaries and Other Organizations

China Textiles Raw Materials I/E Corp. deals in cotton, wool and wool tops, man-made fiber raw materials (1. polyester; polyester/cotton, polyester tops and polyester finished yarn, 2. Acrylic: acrylic cotton, acrylic tops, acrylic yarn and acrylic fur; 3. Terylene: terylene cotton, terylene stretch yarn; 4. man-made cotton); all kinds of man-made fiber fabrics for garments and other industries.

China Textile Garments Accessories I/E Corp. deals in linings (including man-made fur), paddings, sewing threads, embroidery threads, straps, laces, elastics, labels, zippers and buttons.

China Export Garments Research Center promotes technical exchange and further development of China's garment export. It offers a wide range of services including fashion design, trade information and marketing consultation. It also imports garments for design research and deals in the export and domestic trade of fabrics and clothing accessories. The center is also active in other businesses such as joint ventures with foreign partners and cooperative enterprises.

China Fashion Magazine Press publishes "Fashion" magazine (in Chinese) and "China Fashion" magazine (in English). They provide the latest information on the fashion world, introduce new fashion designs and new garment products. The Press also offers consultation services, organizes fashion design competitions and fashion shows. Both publications accept advertising.

For further information, please contact:



China National Textiles I/E Corp.
82, Dongmen Street, Beijing, China
Cable: CHINATEX Beijing
Telex: 22280 CHINATEX CN

Agent in Hongkong
China Resources Textiles Co., Ltd.
10/F, Tung Chung Building, 23-25
Canton Road, Hongkong
Cable: CHINATEX HK
Tel: 852-51100000

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8. China Silk Corporation

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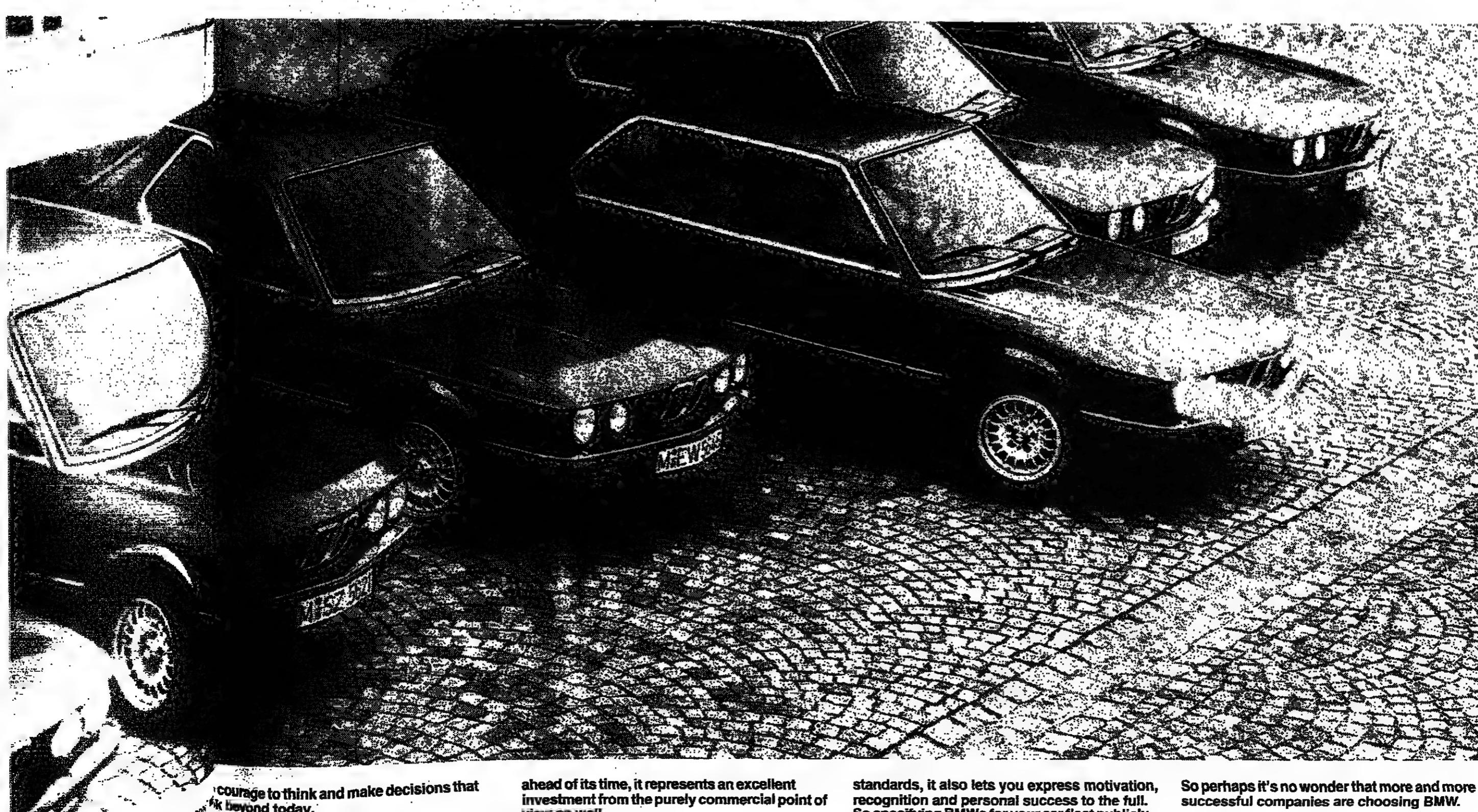
Wednesday's **NYSE** Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month Stock Div Yld % SIS. Class

INTERNATIONAL HERALD TRIBUNE, THURSDAY, NOVEMBER 28, 1985

(Continued on Page 12)



courage to think and make decisions that look beyond today.

**W company cars:
or business philosophy on 4 wheels.**

...certainly any other car is more suited to that kind of organisation than a BMW.
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and the ability to recognise the ultimate in contemporary values. And they also demonstrate that, on 4 wheels as well, you have no intention of travelling in the wake of progress. Furthermore, by allowing your colleagues to step behind the wheel of a BMW, you're also telling them that you believe greater effort deserves greater reward.

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BMW AG, Munich

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Responsible for the work of the Planning Department in Exploration & Production, comprising studies on ADNOC Group strategies for the changing environment, and on optimisation/development of operations and facilities in the ADNOC Group Oil Operating Companies, integration of ADNOC and Operating Companies' work programmes and budgets, and monitoring and evaluation of plan implementation.

The candidate should have a B.Sc. in Petroleum/Mechanical/Chemical Engineering or equivalent, with minimum 12 years relevant experience in the petroleum production industry including 5-6 years in a managerial or senior supervisory level.

SUPERVISOR - PLANS & PROGRAMMES COORDINATION

Responsible for the evaluation and consolidation of work programmes and annual plans of the ADNOC Group Oil Operating Companies (OPCOs) and integration of ADNOC Sole Risk plans for exploration, condensate and gas. Directs the appraisal of budgets and expenditure phasing. Monitors OPCOs' performance, identifies and analyses major problems, and formulates recommendations on course of action.

The candidate should have a B.Sc. in Petroleum/Mechanical/Chemical Engineering or equivalent, with minimum 10 years relevant experience in the petroleum production industry, including 4-5 years at a senior supervisory level.

SERVICE COMPANIES' COORDINATOR

Responsible for the review, analysis and follow-up of work programmes, capital projects, budgets and operations of assigned oil industry Service Companies in the ADNOC Group. He is required to see that ADNOC objectives for the Service Companies, particularly in relation to the petroleum industry in Abu Dhabi, are optimally fulfilled, and prepare review reports and recommendations for submission to ADNOC management.

The candidate should have a B.Sc. in Engineering with minimum 10 years experience in industry (preferably petroleum related) including 4-5 years experience in a senior supervisory level.

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Wednesday's
NYSE
Closing

Tables include the nationwide prices
up to the closing on Wall Street
and as of last reflect the latest statement.

12 Month
High Low Stock Div. Yld. PE 52. 100 High Low Close Chg.

(Continued from Page II)

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GENEVE

BUSINESS ROUNDUP

Profit Rise
Posted by
Johnson
Matthey

Reuters

LONDON — Johnson Matthey PLC reported Wednesday pretax profit of \$10.5 million (\$15.4 million) for the six months ended Sept. 30, up 11.7 percent from \$9.4 million in the like period a year earlier.

Earnings per share on a fully diluted basis amounted to 4 pence, up from 3.1 pence.

It declared an interim dividend of 0.5 pence a share, the first since the company's financial crisis late last year. The company said this reflected the group's recent performance and a significant reduction in borrowings.

In October 1984, Johnson Matthey Bankers Ltd., a gold dealer and bank, was acquired by the Bank of England from Johnson Matthey PLC in a rescue organized after the discovery of loan losses totaling more than \$200 million.

Johnson Matthey said it is confident that in time major improvements in profitability can be achieved.

Staff and other costs are being reduced, while loss-causing and poor-earning activities are being corrected, it said. Some write-offs may be incurred in this process.

The company said net money borrowings at Sept. 30 stood at £154 million, down £130 million from the previous year's peak. Borrowings of precious metals have also fallen substantially.

Interest on borrowings in the second quarter amounted to £4.2 million, down £1.6 million from the first quarter.

Johnson Matthey said platinum prices have been generally lower than last year, though demand has been buoyant and first half profits from platinum marketing were slightly higher.

Car-exhaust catalysts performed well while the group's new catalyst plant in Australia started up on schedule.

In precious-metal refining, the first priority had been to reduce working capital. The West Deptford refinery in the United States continued to post losses, though there has been some improvement, it said.

In Britain, platinum fabrication, jewelry and silver activities performed strongly.

However, demand from the electrical and mechanical engineering industries has been disappointing, the company said.

Sandoz Denies
Interest in Rorer

Reuters

ZURICH — Sandoz AG denied Wednesday that it was interested in acquiring Rorer Group Inc., the U.S. pharmaceutical and health-care company.

A spokesman for the Swiss pharmaceutical company said there was no basis for rumors on U.S. stock markets that it plans to make a takeover bid for Rorer.

Rorer has refused to comment on rumors that it is interested in buying the prescription-drug business of Revlon Inc. Revlon was taken over in November by Pantry Pride Inc.

Toshiba Predicting Lower Sales,
32.4% Fall in Net Profit in 2d Half

Reuters

TOKYO — Toshiba Corp. predicts consolidated net profit of 20 billion yen (about \$150 million) in its second half ending March 31, down 32.4 percent from 44.35 billion a year earlier, Yuichi Yamada, vice president, said Wednesday.

Second half group sales are estimated at 1.73 trillion yen, compared with 1.75 trillion a year earlier, he said.

An expected continuing recession in the semiconductor market, the yen's rise against the dollar, poor heavy-electric division sales and slow exports to China will reduce sales and profit, Mr. Yamada said.

The company reported group net profit of 33.93 billion yen in the six months ended Sept. 30, down 19 percent from 41.77 billion a year earlier. Sales were 1.74 trillion, up 9 percent from 1.6 trillion a year earlier.

The fall in first-half profit was caused by the semiconductor recession and a 49-percent fall in dividend income from overseas subsidiaries, Mr. Yamada said.

Toshiba America Inc. had almost no net profit in the period after 7 billion yen profit a year earlier, while Toshiba Semiconductor (USA) Inc. reported losses in the period because of increased capital spending.

Time-Gannett Meeting Has
Wall Street Taking StockBy John Crudle
New York Times Service

NEW YORK — It was a meeting that under other circumstances would not have caused a stir. But when the president of Time Inc., J. Richard Munro, met last week with Gannett Co.'s chief executive officer, Allen H. Neuharth, it started imaginations on Wall Street working overtime.

They have met before, specifically earlier this year when Gannett

NEWS ANALYSIS

coaxed Time to the negotiating table to discuss a possible merger. That meeting seemed logical to the swarm of professionals who track corporate marriages. Time was worried about a hostile takeover bid that had been rumored for years, the professionals said. And Gannett was ambitiously looking to expand into other businesses, so why not into the cable television, book publishing and magazine areas for which Time is well known?

But meetings between Time, still worried, and Gannett, still looking, are puzzling knowledgeable analysts these days. Perhaps the changed attitude can be linked to the fact that Time's stock is already up 40 percent this year, closing Tuesday at 59%. Many investors seem unwilling to go much higher without concrete evidence that someone is threatening the Loup empire, which at least one analyst thinks may be worth \$105 a share. "I'm just not betting there will be a takeover," said J. Kendrick Noble Jr., media analyst with PaineWebber Inc.

There are two key questions that investors in Time now are asking: Has Time recently been involved in serious merger talks with Gannett? And, if so, was the company merely preparing itself in the event that someone should come along with a hostile takeover bid?

Wall Street analysts are guessing that it is Gannett, rather than

Time, that is pushing for a merger. And if statements by Time officials can be believed, that company is not ready to subscribe to the concept. "We are not interested in merging with Gannett," Mr. Munro said.

A report published Tuesday in the Wall Street Journal, which disclosed last week's meeting, carried the same quotation, but added the words "at present" outside the quotation marks. A spokesman for Time said those two words did not reflect any qualification made by Mr. Munro.

Gannett officials have refused to comment at all.

Still, the report that a meeting took place was enough to send Time's stock up another 1½ points.

Talks with Gannett, which is not likely to make a hostile takeover bid, have been rumored for years, the professionals said. And Gannett was ambitiously looking to expand into other businesses, so why not into the cable television, book publishing and magazine areas for which Time is well known?

Some analysts think that Time has been trying to expand its cable television system for just that reason. It now is considered the favorite in bidding for the cable business of Westinghouse Electric Corp.

John Bauer, media analyst with Oppenheimer & Co., believes "if that acquisition is completed, the assets of Time become more heavily weighted toward cable." And cable companies, even when profits are slim, are attractive in the investment community, he added. "You literally force Wall Street to look at your assets" instead of quarterly profits, which in Time's case have been hurt mainly by problems with its Home Box Office premium cable service and lower advertising volume throughout the magazine industry.

Time's biggest problem is that, if it reports lower earnings, its stock is likely to drop. And the difference between the value of its assets and its market price becomes more severe. This analysts said, is a clear invitation to a corporate raider.

The company currently employs 39,000 people and by the end of the restructuring will be have 32,000, Mr. Williams said.

One of three companies being put up for sale is IMED Corp., a maker of intravenous systems, which Warner-Lambert bought in 1982 for \$465 million.

The others are Reichert, a maker of microscopes and fiber-optic devices, and Deseret Medical, a catheter maker. All three are profitable, Mr. Williams said, and chances of selling them are "excellent."

Warner-Lambert said the restructuring would cost \$7.10 a share. Most estimates for 1985 Warner-Lambert earnings had been in the area of \$3.5 a share. In the fourth-quarter last year, the company earned \$3.12 million on sales of \$193.5 million.

Warner-Lambert said it would use proceeds from the divestitures to continue a share-repurchase program and announced that the board had authorized the purchase of an additional 8 million shares.

COMPANY NOTES

Boyer AG's plans to sell its Metzeler Kaubreuk subsidiary to Pirelli SpA will not be blocked by West Germany's cartel office, a spokesman said. He said takeover by the Italian tiremaker would not restrict competition in markets for technical rubber products, motorcycle tires, skidproofing equipment and rubber boats.

Brill PLC and Tersco North Sea UK Co. have announced the second discovery this month of oil and gas in the northern North Sea. It is the second in a series of exploratory wells being drilled by Brill

under a farm-in agreement concluded earlier this year.

Degussa AG, the West German metals, chemicals and pharmaceuticals concern, said world group provisional sales rose 4 percent to 11.67 billion Deutsche marks (\$4.54 billion) from 11.12 billion DM in the year ended Sept. 30. Foreign sales were 8.26 billion DM and domestic, 3.41 billion DM, it said.

Du Pont Co., the U.S. chemical group, has announced plans for a \$60-million factory at Maydown in Northern Ireland to make synthetic

fibers. The plant is due for completion in 1987 and will have an annual capacity of 15 million pounds (6.8 million kilograms).

Garuda, Indonesia's national airline, said it had an operating profit of 55.5 billion rupials (\$4.9 billion) in the first nine months of 1983 compared with a loss of \$76 million for all of 1984.

James Hardie Industries Ltd. of Sydney said it has agreed in principle to acquire Nolox Corp., a U.S. fine-paper merchant, for an undisclosed amount.

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(Continued From Back Page)

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Virginia Wade

Wade Wins but Confirms Retirement; Evert Gains

Compiled by Our Staff From Dispatchers

MELBOURNE — Former Wimbledon champion Virginia Wade reached the second round of the Australian Open tennis championships on Wednesday and then confirmed she will retire from singles play after the tournament.

"I can't be bothered to psych myself up anymore," said the 40-year-old Briton, after getting past Molly Van Nostrand of the United States, 6-3, 5-7, 6-2. "I really find it too much effort."

"On the court my concentration is still good. But I find it difficult to get excited about playing before I go on court."

Wade reigned as the queen of British tennis for almost 10 years, reaching the pinnacle of her career

when she took the title at the centennial Wimbledon in 1977. Once ranked as fifth worldwide, Wade now spends much of her time coaching two young French players, Pascale Paradis and Catherine Saire.

She is also involved in television commentary for the BBC and CBS and is a member of the All-England Club committee that oversees the running of Wimbledon.

"I might play some doubles next year," Wade said, "but I don't really like playing if I'm not playing singles because it really isn't fair to my partner. As it is, my schedule is pretty packed for next year."

Wade will play either third-seeded Hana Mandlikova of Czechoslovakia or Camille Benjamin of Bakersfield, California, who clash Thursday, in the second round.

Meanwhile, Chris Evert, Lloyd successfully opened the defense of her title by sweeping past South African Ros Fairbank, 6-1, 6-2. On the first full day of play in the tournament, Evert was joined in the second round by three other seeds. No. 6 Zina Garrison of the United States, 13th-seeded Jo Durie of Britain and 14th-seeded American Lisa Bonder.

Garrison, a semifinalist two years ago, beat New Zealander Be-

linda Corwell, 6-4, 4-6, 6-4; Durie ousted Australian Anne Minter, 6-4, 6-4, and Bonder eliminated Louise Field of Australia 6-3, 6-3.

But two other women's seeds bowed out: No. 12 Beina Bunge of West Germany was beaten, 6-4, 6-2, by Diane Galesic of Australia and the 15th-seeded Paradis was eliminated by Australian Amanda Dingwall, 6-2, 5-7, 6-2.

Nicole Provis, a 16-year-old Melbourne schoolgirl, defeated Sophie Amach of France, 6-3, 6-1, to earn a probable second-round meeting with second-seeded Martina Navratilova, the world's top ranked player.

All the men's seeds have byes into the second round of play.

Evert raced into a 4-0 lead before

Fairbank managed to win a game. The 30-year-old American never let up as her pinpoint accuracy gave an errant Fairbank little chance.

But Evert seemed bothered about her lack of grass-court preparation for the open; the top seed missed recent tournaments in Brisbane and Sydney.

"I would like to have had more matches on grass over here, but my schedule didn't allow me to play the warm-up events. But I must think positively if I'm going to win here."

Evert has not been defeated in four events since September's U.S. Open. "I'm playing well, but so is everyone else," she said. "We're pushing each other to higher levels. I think I can get a lot sharper, but today was a good start."

In men's play on Wednesday, Australian Peter McNamara had the center-court crowd enthralled as he battled for five sets against his doubles partner, Amos Mansdorf.

A former Wimbledon doubles champion who is rebuilding his career after complicated knee surgery, McNamara was leading by a set and 4-4 when rain forced a halt to play on Monday.

But Mansdorf, 20, had the edge in the final set when the match resumed and won, 6-7, 6-7, 6-2, 6-4. (UPI, AP)

Yellow Balls for Wimbledon

Yellow balls will be used at next year's Wimbledon tennis championships for the first time in the tournament's 108-year history. The Associated Press reported All England club as announcing its decision.



NO — Charles Barkley deftly tipped away Robert Parish's lay-up attempt in Tuesday's first half; Barkley also outdid Parish for high-scoring honors, 24 points to 22, but Boston handed Philadelphia its third straight loss, 98-91.

SPORTS BRIEFS

Venue for Ski Cup Opener Is Changed

SESTRIERE, Italy (UPI) — The opening men's slalom of the World Cup ski season will be held here Sunday, after being switched from snowless Courmayeur, Italy, cup officials announced Wednesday.

Officials are also closely monitoring sparse snow conditions at nearby St. Vincent, France, the venue for the women's season-opening cup event, a downhill, scheduled for next Dec. 3.

Sestriere, with abundant natural snow aided by an artificial snowmaking system, has a minimum cover of 130 centimeters (51 inches).

The spokesman said that although the club "is totally committed to its role as guardian of tradition at Wimbledon... there are occasions on which we have decided old-fashioned in our protection of these traditions. After lengthy discussions, we believe that the advantages of using yellow tennis balls now outweigh the sentimental attachment to white."

But the club's traditional rule that players wear pre-dominantly white attire will remain in effect.

Quotable

• Forward Cedric Maxwell of the Los Angeles Clippers, on how the team is regarded by its town's basketball fans: "We're kind of like a JV game for the Lakers."

1447

VANTAGE POINT/George Vecsey

The Empire Strikes Back

New York Times Service

NEW YORK — There is good news from the Olympic movement, and just in time for Thanksgiving. The hit-or-miss financial structure of the 1984 Summer Games, which allowed the Los Angeles organizers to make a \$220 million profit, is being dragged into the real world.

From here on in, no more Mr. Nice Guy. The control of Olympic endorsements is too important to be handed over totally to small-potato groups like Peter Ueberroth's Los Angeles Olympic Organizing Committee and national Olympic committees.

The true superpowers, the multinationals that sell goods around the world, felt they were not getting enough bang for their sponsorship buck during the 1984 Summer Games, and have cut a new deal with the International Olympic Committee.

The new sponsorship policy will allow worldwide companies to bid for a monopoly on Olympic sponsorship in 44 separate categories, ranging from cameras to credit cards. The winners will be licensed to link their corporate logos with the Olympic logos wherever there is a consumer with a few spare pesos, pounds, rupees, dollars or.

The good news was announced in New York on Monday, blessed by Juan Antonio Samaranch, who practices subtle diplomacy as president of the IOC. No clubby amateur sports official like those of past generations, he was the president of the Assembly of Catalonia, a Spanish province with its own language and its own heritage, during the ticklish final years of the Franco regime, and he was later Spanish ambassador to the Soviet Union.

His current olive-branch mission is to persuade North Korea to participate in the 1988 Summer Games in South Korea, and his diplomatic tools include his credibility in Moscow and a bagful of goodies that might include holding some Olympic events north of the 38th Parallel.

In a private interview on Monday, Samaranch displayed a telex message he had received only hours before, signifying that the North Koreans will attend a meeting with South Korean Olympic officials in Lausanne, Switzerland, in January. He said proudly: "To have officials from North and South Korea negotiating is a very positive thing."

Samaranch recently traveled to Hanoi to explain the new endorsement policy to the communist nations. He said the officials were comfortable with the link with multinationals, which is no surprise, when you stop to think about it.

The principle of the endorsement policy is to share the wealth from the 44 chosen benefactors,

which certainly falls within the heritage of "From each according to his ability, to each according to his willingness to contribute."

"We spend a hell of a lot of money, and we want more mileage, more control. This way we have a clear understanding of what our rights will be."

"I think never more will you have these profits," Samaranch said Monday.

Or at least the profits will be cut up differently. Fortunately, it is not just corporations and sports agencies that profit from the Olympics; the athletes are getting theirs, too.

Consider the first commercial giant of Mary, Lou Retton. She is obviously making big bucks from endorsing every product in sight; more power to her, but with amazement the last of the naiads learned this week that she is considering participating in the 1988 Games.

That is to say, through the blatant play of trust funds, she is still an amateur, Wheaties and all.

"We must go step by step," said Samaranch, who noted that once again in 1988 some professional hockey and soccer players will compete against state-subsidized amateurs from the Soviet bloc because, as Samaranch said, "For me, it is the same."

By 1988, in impoverished villages around the world, the most persistent sign of civilization will be the Olympic logo splashed on a Coca-Cola delivery truck. By then, the Ueberroth commerce of 1984 may be seen as the good old days of mom-and-pop amateurism.

SCOREBOARD

Football

Selected U.S. College Conference Standings

BIG TEN

Conference	All Games	W-L-T Pts	W-L-T Pts	W-L-T Pts
Iowa	7-1 211 128	7-1 211 128	7-1 211 128	7-1 211 128
Michigan	7-1 261 204	7-1 261 204	7-1 261 204	7-1 261 204
Illinois	5-2 1 212 204	5-2 1 212 204	5-2 1 212 204	5-2 1 212 204
Ohio St.	5-3 0 221 151	5-3 0 221 151	5-3 0 221 151	5-3 0 221 151
Michigan St.	5-3 0 219 169	5-3 0 219 169	5-3 0 219 169	5-3 0 219 169
Purdue	4-4 1 216 174	4-4 1 216 174	4-4 1 216 174	4-4 1 216 174
Wisconsin	2-6 0 126 204	2-6 0 126 204	2-6 0 126 204	2-6 0 126 204
Indiana	1-7 0 134 264	1-7 0 134 264	1-7 0 134 264	1-7 0 134 264
Northwestern	1-7 0 134 264	1-7 0 134 264	1-7 0 134 264	1-7 0 134 264

PACIFIC 10

Conference	All Games	W-L-T Pts	W-L-T Pts	W-L-T Pts
UCLA	6-2 121 128	6-2 121 128	6-2 121 128	6-2 121 128
Arizona	5-2 1 212 204	5-2 1 212 204	5-2 1 212 204	5-2 1 212 204
Washington	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174
South. Cal.	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174
Oregon	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174
Stanford	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174
Oregon St.	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174
California	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174	5-3 0 219 174

NFL Leaders

AMERICAN CONFERENCE

TEAM	OFFENSE	YARDS	TD	INT
Seattle	Conf.	2,111	13	7
San Francisco	Conf.	2,092	12	6
Washington	Conf.	2,073	12	6
San Diego	Conf.	2,054	12	6
Los Angeles Rams	Conf.	2,044	12	6
Philadelphia	Conf.	2,035	12	6
Atlanta	Conf.	2,026	12	6
Carolina	Conf.	2,017	12	6
Minnesota	Conf.	2,008	12	6
Chicago	Conf.	2,000	12	6
Baltimore	Conf.	1,981	12	6
St. Louis	Conf.	1,972	12	6
San Francisco 49ers	Conf.	1,963	12	6
Green Bay	Conf.	1,954	12	6
San Diego	Conf.	1,945	12	6
San Francisco 49ers	Conf.	1,936	12	6
Washington	Conf.	1,927	12	6
Seattle	Conf.	1,918	12	6
Philadelphia	Conf.	1,910	12	6
Atlanta	Conf.	1,891	12	6
Carolina	Conf.	1,882	12	6
Minnesota	Conf.	1,873	12	6
Chicago	Conf.	1,864		

PEOPLE

High Stakes in Book Bid

was appointed director of music and drama for the Johannesburg Festival. In 1959 he left South Africa to accept the position of manager with the London Symphony.

Harrison Schmitt, 50, the former U.S. astronaut and scientist, left Terres Flotantes of Albuquerque, New Mexico. Schmitt, who as an astronaut walked on the moon during the Apollo 17 mission in 1972, was a U.S. senator from New Mexico from 1977 to 1983. He was defeated in his bid for a second term. The actress and singer Rose Shately, 39, filed suit for divorce in Los Angeles against her husband, Wm. Westmore, 40, who directed last year's critically acclaimed film "Paris, Texas." They were married in 1979.

Prince Charles delivered a scathing attack on British industry Tuesday, saying that Britain was in danger of becoming a fourth-rate nation unless it adopted an American-style spirit of enterprise. In a speech to Scottish business leaders in Edinburgh, the 37-year-old heir to the throne called for a revitalizing of individuality among short-sighted Britons who perceive themselves as permanent stagnation instead of potential progress. He said: "Britain, a strong nation throughout its history, no longer gives us confidence in the direction we want. We don't demand the goods we want. We don't deliver the goods they want. We can't go on in the same old way. We've got to find a way of changing."

Emmanuel Vautier, 80, the world's longest surviving heart transplant patient, says he would be willing to pay a French-built artificial heart, but only \$10,000. His 17-year-old transplant "shouldn't be working," Vautier was telling journalists in Marne-la-Vallée, France, before his celebrating Wednesday of the 17th anniversary of his transplant operation. The transplant continues to amaze him with its "readiness and stability. It works like a precision watch." He received the heart of a 29-year-old French woman, Pierre Poussin, who had been killed in a road accident. The surgeon, Edmond Henry, died later of a heart attack.

bobby Short and the singer Boy George.

He said that they would all probably receive their honorary foundation medals by mail, "although we will hold luncheons if they pay for them."

Cucci said he learned that he was on the list while in Atlantic City, on New Jersey's gold sand coast, at a meeting of the New Jersey Municipal League, a group totally unconnected to fashion. "I told the person on the telephone that I didn't have time for jokes and hung up," he said.

Cucci has yet to assess the political damage of his selection, but wants residents of Jersey City to know that he is as surprised as they are and "that this does not necessarily mean that I am a bad person."

"I don't want them thinking I am more interested in image than substance," he said.

Cucci, a former vocational education teacher, said he saw the award as an honor to his wife, Anna, who does his shirts and helps him shop for clothes. He said that he owned four or five off-the-rack suits — all made in the United States — and he swore he had never even been to Europe.

Mrs. Cucci said that for leisure wear, Cucci favored his Police Athletic League of Jersey City jacket, and during the warmer months, "perhaps just a T-shirt for a trip to the mall."

"I shop the sales," Cucci said. "No suits, no way. I go for the polyester blenders that hold up."

"I stay away from checks and plaids," he added, showing a fine fashion sense for someone 5 feet 7 inches and 184 pounds, with a 38-inch waist.

"I even wear unmatched socks sometimes," he said, recalling a time on the subway when everyone was staring at his unmatched socks and he had to stand up so they wouldn't show.

This is Jersey City," he said.

"I have not ruled out the possibility that this honor is a political smear tactic."

Richman said that he had weathered many a brouhaha over the years and was standing firm on Anthony R. Cucci. "I had the mayor of Yonkers on one year. We lived through that."

Richman said that he had been playing the piano in public and conducting at age 9. He was a music critic at 17. In 1952, he was music organizer for the first major international arts festival held in South Africa, the Van Riebeek Festival at Cape Town. In 1956 he

met Miles Davis.

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